DOCUMENT RESUME

ED 443 359 HE 033 117

TITLE	Review of Undergraduate Student Financial Aid in Virginia's Public Institutions. Report of the Joint Legislative Audit and Review Commission to the Governor and the General Assembly of Virginia. House Document No. 11.
INSTITUTION	Virginia State General Assembly, Richmond. Joint Legislative Audit and Review Commission.
PUB DATE	1999-10-15
NOTE	174p.
AVAILABLE FROM	Joint Legislative Audit and Review Commission, Suite 1100 General Assembly Building, Capitol Square, Richmond, VA 23219; Tel: 804-786-1258; Fax: 804-371-0101; Web site: http://jlarc.state.va.us.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	MF01/PC07 Plus Postage.
DESCRIPTORS	Access to Education; Educational Finance; Eligibility; Financial Aid Applicants; Government School Relationship; Grants; Higher Education; Merit Scholarships; Need Analysis (Student Financial Aid); No Need Scholarships; *Paying for College; Scholarship Funds; *State Aid; State Programs; *Student Financial Aid; Student Loan Programs; *Undergraduate Students
IDENTIFIERS	*Virginia

ABSTRACT

This study, mandated by Virginia law in 1999, reviews need-based student financial aid programs. The mandate specifies that the study must review policies and implementation strategies used in other states; present alternative policies and administrative structures for need-based programs in Virginia; provide alternatives for a simplified, equitable, need-based financial aid program for students and parents; and examine merit and incentive scholarship plans and make recommendations regarding their application in Virginia. Following the introduction, which examines need- need-based aid in Virginia, separate chapters examine the current state financial aid system, including eligibility criteria, institutional award schedules, and government oversight regulations; assess alternatives for need-based financial aid; and review merit and incentive scholarship programs and their application in Virginia. The study found that the state could improve administration of its programs by better articulating policy; monitoring the awarding of state grants to eligible students; identifying students who did not receive the aid for which they were eligible; and calculating the amount needed to fully fund grants to eligible students. Five appendixes include the study mandate, and present data on financial aid by institution; other need-based programs; need-based processes in other states; states' funding of programs; and state agency responses to the study findings. (RH)

Reproductions supplied by EDRS are the best that can be made
from the original document.

HE

ED 443 359

JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION
OF THE VIRGINIA GENERAL ASSEMBLY

Review of Undergraduate Student Financial Aid in Virginia's Public Institutions

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY
J. Lawh
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

BEST COPY AVAILABLE

HE033117

REPORT OF THE
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMISSION

REVIEW OF UNDERGRADUATE STUDENT FINANCIAL AID IN VIRGINIA'S PUBLIC INSTITUTIONS

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

HOUSE DOCUMENT NO. 11

COMMONWEALTH OF VIRGINIA
RICHMOND
2000

Members of the Joint Legislative Audit and Review Commission

Chairman
Senator Richard J. Holland

Vice-Chairman
Delegate Vincent F. Callahan, Jr.

Delegate J. Paul Councill, Jr.
Delegate Glenn R. Croshaw
Delegate Jay W. DeBoer
Delegate V. Earl Dickinson
Senator Joseph V. Gartlan, Jr.
Delegate Franklin P. Hall
Senator Kevin G. Miller
Delegate W. Tayloe Murphy, Jr.
Senator Thomas K. Norment, Jr.
Delegate Harry J. Parrish
Delegate Lacey E. Putney
Senator Stanley C. Walker

Mr. Walter J. Kucharski, Auditor of Public Accounts

Director
Philip A. Leone

© Copyright 1999, Commonwealth of Virginia

Preface

Item 16J of the 1999 Appropriation Act directed the Joint Legislative Audit and Review Commission (JLARC) to review need-based financial aid programs of the Commonwealth of Virginia. The study mandate directed JLARC to review financial aid systems in other states and to present alternative structures for carrying out financial aid in Virginia. The mandate also directed JLARC to review merit and incentive scholarship programs.

Administration of need-based financial aid in Virginia is currently decentralized to the institutions and largely driven by federal money, regulations, and schedules. The Commonwealth provided over $51 million in need-based aid to undergraduate students at public institutions in Virginia during the 1997-98 academic year. Grants are distributed to financially needy students primarily through the Commonwealth Award Program and the Virginia Guaranteed Assistance Program (VGAP).

This study found that oversight of these grants by the State Council of Higher Education for Virginia (SCHEV) historically has been weak, and that the Council could improve its oversight function by better monitoring actual awards to students. A review of SCHEV financial aid records showed that almost half of the students who were eligible for either a Commonwealth or VGAP award actually received nothing from these programs. In addition, the institutions appeared to be varying from their own award schedules in 61 to 65 percent of the cases in which awards were made. Consequently, this study concluded that the State could do a better job of administering its portion of financial aid by: (1) better articulating its policies, (2) monitoring the award of State grants to eligible students, (3) identifying students who did not receive the full amount of State aid for which they were eligible, and (4) calculating the amount needed to fully fund grants to eligible students. To accomplish these objectives, the State needs to articulate better a framework for need-based financial aid for undergraduates at public colleges and universities in Virginia.

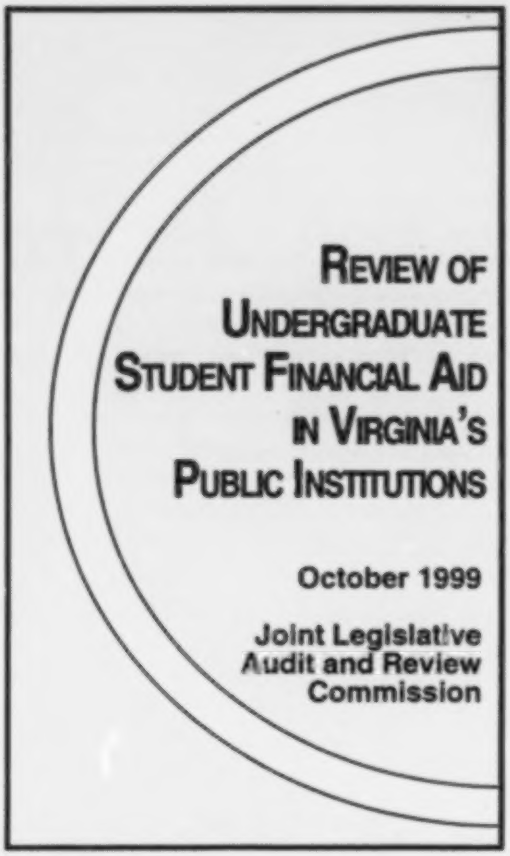
Merit scholarship programs have worthy goals, but implementation of a merit-based program could dilute funds available for need-based programs. Newly established merit-based programs in other states have been more expensive than anticipated and have had mixed success. Therefore, the General Assembly may wish to defer action on a merit-based program until the goals for need-based programs are better articulated and funded. Also, action should be deferred until the results and costs from other states' programs are better known. If incentive scholarships are to be offered to increase the number of skilled workers in technological fields, rapid change in the technology fields needs to be taken into consideration when targeting academic programs.

On behalf of the Commission staff, I would like to express our appreciation for the cooperation and assistance provided by the financial aid offices of the Virginia public institutions, and to the Director and the staff of SCHEV.

Philip A. Leone
Director

October 15, 1999

JLARC Report Summary



REVIEW OF
UNDERGRADUATE
STUDENT FINANCIAL AID
IN VIRGINIA'S
PUBLIC INSTITUTIONS

October 1999

Joint Legislative
Audit and Review
Commission

The Commonwealth of Virginia has a long history of supporting public higher education. One aspect of that support is ensuring access to higher education through financial aid to students. However, there are different ways student financial aid can be structured and implemented. The purpose of this study is to examine how the State currently provides student financial aid and to examine some of the alternative options available.

Item 16J of the 1999 Appropriation Act directs JLARC to review the policies and administration of two types of student financial aid programs: (1) need-based financial aid, and (2) non-need-based programs, in the form of merit and incentive scholarship plans. The study mandate specifies that the study shall:

- review the policies and implementation strategies for need-based financial aid programs in other states;
- present alternative policies and administrative structures for carrying out need-based financial aid programs in Virginia; and
- provide alternatives for a simplified, equitable need-based financial aid program for students and parents.

In addition, the mandate also directs JLARC to examine merit and incentive scholarship plans, and to make recommendations regarding their application in Virginia.

Overall, this study found that the administration of need-based student financial aid in Virginia currently is decentralized, and largely driven by federal money, regulations, and schedules. The State could do a better job of administering its relatively small portion of financial aid (12.7 percent), however, by:

- better articulating its policies;
- monitoring the award of State grants to eligible students;
- identifying students who did not receive the full amount of State aid for which they were eligible; and
- calculating the amount which would be needed to fully fund grants to eligible students.

BEST COPY AVAILABLE

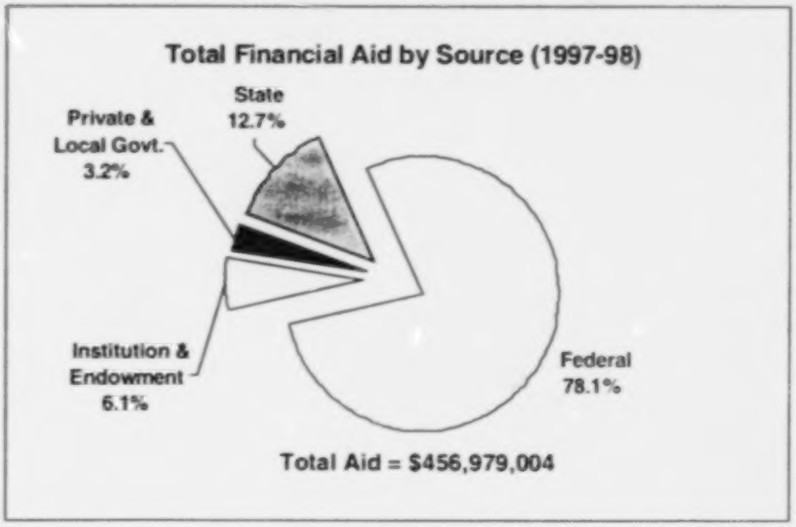
To accomplish these objectives, the State needs to articulate better a framework for need-based financial aid for undergraduates at public universities.

Further, while merit-based programs have worthy goals and appealing simplicity, funds directed towards such programs could dilute funds available for need-based programs. Moreover, newly-established programs in other states have proven more expensive than anticipated and have enjoyed mixed success. The General Assembly may wish to defer action on a merit-based system until:

- The Commonwealth of Virginia's goals for need-based programs are better articulated and funded; and
- Results and costs from other states are better known.

BASICS OF STUDENT FINANCIAL AID

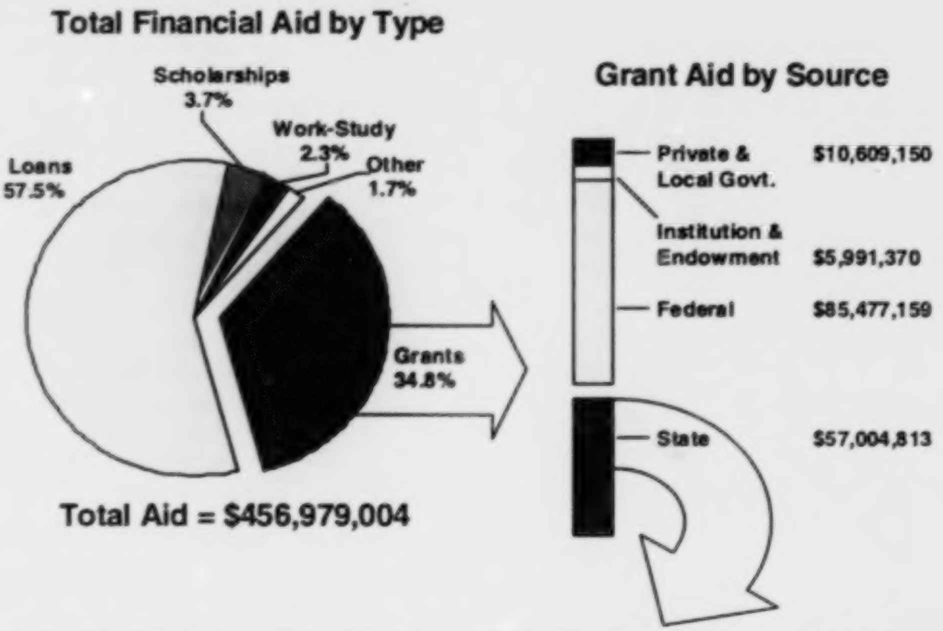
Need-based financial aid comes from three main sources: the federal government, the State government, and the institutions themselves. Federally-subsidized aid comes in three forms: grants, loans, and a work-study program. The large "Pell Grant" program dominates the federal grant programs. The State provides need-based financial aid primarily through two grant programs: the Virginia Guaranteed Assistance Program (VGAP) and Commonwealth Awards. Finally, universities and colleges vary with regard to how much institutional money is available for student financial aid. Some institutions have large endowments that are earmarked for need-based financial aid, when others have very little institutional money available.


Total Financial Aid by Source (1997-98)

The State provides only 12.7 percent of financial aid, while 78.1 percent comes from the federal government, as shown in the figure below. The figure on the next page shows the breakdown of financial aid to in-state students by type of aid. Undergraduate in-state students at Virginia's public colleges and universities received more than $456 million in financial aid during the 1997-98 academic year. The majority of this aid came in the form of loans, while grants accounted for slightly more than one-third of all aid. Scholarships and work-study accounted for only six percent of all aid to in-state students. A more detailed breakdown of financial aid by type and source for each institution is provided in Appendix B.

Need-based financial aid in Virginia generally comes in the form of a "package" that is put together by institutional financial aid administrators. Constructing the financial aid package generally entails four main steps: (1) determining the cost of attending college; (2) deducting from the cost of attending college the amount the student and

Financial Aid to Undergraduate In-State Students by Type and Source (1997-98)



Virginia Student Financial Assistance Program (VSFAP)		$ 51,284,768
Commonwealth Award	*$ 34,290,421*	
Virginia Guaranteed Assistance Program (VGAP)	*$ 16,994,347*	
College Scholarship Assistance Program (CSAP)		$ 4,185,079
Virginia Transfer Grant (VTG)		$ 812,657
Last Dollar		$ 652,321
Graduate and Undergraduate Assistance Program (VAGUAP)		$ 69,988

the family are expected to contribute; (3) deducting any "gift aid," such as a federal Pell grant or a scholarship; and (4) using the remaining balance, called "remaining need," to determine the amount of money awarded as a State grant.

Need-Based Aid in Other States

States vary in their approaches to student financial aid, in terms of the program's administrative structure, eligibility criteria, and award schedule for distributing aid.

The financial aid administrative structures of the various states may be classified as either centralized or decentralized. In a centralized system, a central agency processes financial aid applications and determines student eligibility. In a decentralized system, the institutions process financial aid applications and distribute financial aid awards to students. Virginia has a decentralized system.

State financial aid systems also vary in their eligibility criteria for need-based grants.

Determination of eligibility is a key aspect of financial aid systems. Especially important is the method of deriving the cost of attendance amount (a major factor for defining financial need, the primary eligibility criterion). In some states, there are uniform eligibility criteria for all institutions in the state. In other states, the institutions determine their own eligibility criteria.

Likewise, the different state systems vary in how uniform are the award schedules for determining need-based grant amounts. Some states have a single award schedule for all institutions in the state. Others have the individual institutions developing award schedules or formulas, often within specified guidelines.

VIRGINIA'S NEED-BASED FINANCIAL AID SYSTEM

Virginia's system currently has an essentially decentralized administrative structure, with eligibility criteria and award schedules varying across the institutions. However, there are statutory guidelines and regulations the institutions are supposed to follow when determining eligibility for an award and the amount of the award given to a student. The State Council of Higher Education for Virginia (SCHEV) has oversight authority for the financial aid programs to ensure compliance with State regulations. SCHEV's actual performance of this oversight function historically has been weak.

At the request of JLARC staff for this study, SCHEV staff compared institutional award schedules to actual student awards. A key finding of this comparison is that almost half of the students who are eligible for the State's largest need-based financial aid program actually receive nothing from it. Another key finding is that, on average, the institutions appeared to be varying from their own award schedules in 61 to 65 percent of the cases in which awards were made. These findings indicate the need for better oversight of how the institutions award State grants to eligible students, and periodic calculation of the amount which would be needed to fully fund grants to students who are not receiving the full amount of State aid for which they are eligible.

Recommendation (1). **The State Council of Higher Education for Virginia should adopt the revisions to the *Virginia Administrative Code* pertaining to the Virginia Student Financial Assistance Program, as proposed by the Financial Aid Advisory Committee.**

Recommendation (2). **The State Council of Higher Education should make the institutions' plans and deadlines for allocating Virginia Student Financial Assistance Program funds to students readily available to the public through agency publications and its internet presence.**

Recommendation (3). **The State Council of Higher Education for Virginia should conduct periodic program reviews of student financial aid as specified in the *Virginia Administrative Code*, to ensure compliance with the guidelines in the *Virginia Administrative Code* and the Appropriation Act. The Council and the institutions should develop a process for auditing the Virginia Student Financial Assistance Program annually. The first step of this audit process should compare information in the Financial Aid Data File with the institutions' plans for awarding grants, to identify cases warranting further follow-up. The second step should be to audit further those cases which appear to have awards substantially above or below the planned levels, and to determine the reasons why each case may differ from the institution's plan. These follow-up audits should be performed annually and on-site, perhaps on a rotating basis.**

Recommendation (4). **The State Council of Higher Education for Virginia staff should consult with the financial aid administrators at Virginia's public institu-**

tions: (a) to determine the possible reasons why almost half of all eligible students do not receive VGAP or Commonwealth Awards, (b) to identify possible solutions, and (c) to develop a plan for implementing and monitoring these solutions.

Recommendation (5). **The State Council of Higher Education for Virginia staff should analyze the Financial Aid Data Files to determine the characteristics of eligible students who are receiving State aid and those who are not. The Council should revisit its estimation of remaining need and calculate the cost of providing need-based financial aid to all identified students who did not receive the full amount of State aid for which they were eligible, and report this estimate annually to the General Assembly.**

ASSESSMENT OF ALTERNATIVES

Given that Virginia's current system is decentralized with eligibility criteria and award schedules varying across the institutions, three sets of alternatives for changing the system are considered:

- a more uniform award schedule;
- more uniform eligibility criteria; and
- a more centralized administrative structure.

The relative advantages and disadvantages of the different options for a need-based financial aid system depend on the goals the State is attempting to meet with need-based financial aid. Up to this point, the State has not clearly articulated these goals. Therefore, JLARC staff identified possible goals and objectives of a State system of need-based financial aid as a framework for assessing available alternatives. The following goals are discussed in more detail in Chapter III:

- access to higher education;
- equity (defined both as within-institution equity and across-institution equity);
- institutional flexibility;
- attracting quality students to the institution;
- efficiency (defined both as: minimizing administrative burden; and targeting financial aid dollars to students more likely to "succeed"); and
- minimizing complexity (defined both as: making the system more understandable to students and parents; and simplifying administrative processes).

Then the advantages and disadvantages of the different alternatives are analyzed in terms of the various possible goals and objectives.

Different goals can be given different levels of priority by the State. Overall, it was found that if the State wishes to give highest priority to the goal of across-institution equity in terms of State financial aid alone, and to the goal of making State aid appear simpler for applicants to understand, then the options for a more uniform and centralized system have some clear advantages over the current system. But these options also have some clear disadvantages when other factors are taken into consideration.

Institutional aid is a very large component of the total need-based financial aid packages students receive at many institutions(such as VMI or the College of William and Mary). At many other institutions (such as Christopher Newport University or George Mason University), there is very little institutional aid available for needy students. Unless the State were to centralize institutional aid as well (which appears to be highly unlikely), making eligibility criteria and award schedules for State aid alone more uniform may result in total aid being more inequitably distributed. Students from the same economic circumstances attending different institutions may get the same amount of aid from the State under uniform eligibility criteria and a uniform award schedule, but at the same time they may also be getting very different amounts of endowment aid from different institutions.

There is an inherent tradeoff between the goal of across-institution equity and the goal of institutional flexibility. Historically, the State appears to have given the goal of institutional flexibility a very high level of priority, allowing the various institutions to have different missions and to serve different student populations. There is a great deal of variation in the missions among the public institutions in Virginia. This diversity has the advantage of expanding the range of opportunities available to Virginians, and provides access to higher education to diverse populations.

Public higher education in Virginia includes nationally recognized residential universities, urban commuter universities, small liberal arts colleges, land grant universities, historically black universities, a military college, several regional colleges and universities, the community college system, and a junior college. These institutions each face separate challenges in recruiting and serving different populations of students. Financial aid can be an important tool in meeting those challenges. Promoting the goal of institutional flexibility, then, would have the State's financial aid policy minimizing restrictions that would inhibit institutions from diversifying and tailoring financial aid packages to the different student populations they may be serving.

If the State wishes to continue giving the goal of institutional flexibility high priority, and to assign moderate importance to other goals (such as attracting quality students to the institutions and efficiency), then the advantages of the current decentralized system appear generally to outweigh the combination of advantages and disadvantages of a more uniform, centralized system.

***Recommendation (6).* The General Assembly may wish to articulate its goals for the State need-based student financial aid program, indicate the level of priority to be given to each goal, and more explicitly state how its policies may serve to accomplish these goals.**

MERIT AND INCENTIVE SCHOLARSHIP PROGRAMS

Merit scholarships and incentive scholarships use a very different basis for awarding aid. Merit scholarship awards do not take the student's economic circumstances into account. Instead, awards are given to students based on academic performance, such as high school grade-point average, class rank, standardized test scores, or a combination of these factors. Incentive scholarships are different from both need-based and merit-based student aid in that the scholarships are targeted to students entering a particular academic field. These scholarships provide an incentive for students to get a degree in a high-demand field where there is a perceived shortage of qualified applicants.

In assessing the applicability of merit and incentive scholarship programs for Virginia, it is necessary to consider the needs of Virginia and to ascertain if these scholarship programs will help meet Virginia's needs. It is also necessary to assess these programs in light of the need-based financial aid system currently in place. Because need-based aid has different goals than merit or incentive scholarships, funding merit or incentive scholarships may achieve some goals at the expense of need-based goals, especially access and equity. Virginia has several merit and incentive scholarship programs in statute. These programs, however, are largely unfunded at this time.

The goals of merit and incentive scholarships are reviewed in Chapter IV, in consideration of Virginia's needs and current system of financial aid. The appropriateness of applying merit and incentive scholarship programs in Virginia depends on two factors: (1) which goals are most important to the State, and (2) the extent to which these scholarship programs are necessary for achieving these goals. The primary findings regarding the applicability of merit and incentive scholarship programs in Virginia are:

- The clearest benefit of a merit scholarship program is that it can help families with middle or upper levels of income pay for college expenses.

- The General Assembly may wish to defer action on a merit scholarship program until: (1) the Commonwealth of Virginia's goals for need-based programs are better articulated and funded; and (2) results and costs from other states' merit scholarship programs are better known.

- If the State wishes to offer incentive scholarships to increase the number of skilled workers in technological fields, money should be targeted to: (1) baccalaureate programs that provide basic learning skills that enable workers to adapt to changing technologies, and (2) shorter degree and certificate programs offered by community colleges to provide immediate job skills.

Table of Contents

Page

I. INTRODUCTION 1

Need-Based Financial Aid in Virginia 1
Characteristics of Need-Based Financial Aid Systems in Other States 11
Merit Scholarships and Incentive Scholarships 15
JLARC Review 16
Report Organization 18

II. THE CURRENT STATE FINANCIAL AID SYSTEM IN VIRGINIA 19

Eligibility Criteria Used for the Virginia Student Financial Assistance Program 19
Institutional Award Schedules for Allocating Virginia Student Financial Assistance Program Funds 29
VSFAP Regulations and SCHEV Oversight Functions 34

III. ASSESSMENT OF ALTERNATIVES FOR NEED-BASED FINANCIAL AID 43

Framework for Assessment: Goals and Objectives for a State Need-Based Financial Aid System 43
Assessment of Alternatives 49
Conclusions 59

IV. MERIT AND INCENTIVE SCHOLARSHIP PROGRAMS 61

Merit Scholarships 61
Incentive Scholarships 65
The Application of Merit and Incentive Scholarship Programs in Virginia 69

APPENDIXES 73

I. Introduction

The Commonwealth of Virginia has a long history of supporting public higher education. One aspect of that support is ensuring access to higher education through financial aid to students. However, there are different ways student financial aid can be structured and implemented. The purpose of this study is to examine how the State currently provides student financial aid and to examine some of the alternative options available. This study reviews two categories of student financial aid programs: (1) need-based financial aid, and (2) non-need-based aid, in the form of merit scholarships and incentive scholarships. This chapter first provides some background on student financial aid, then describes the study mandate and research activities, and concludes with a discussion of the report organization.

NEED-BASED FINANCIAL AID IN VIRGINIA

The mandate for JLARC to review need-based financial aid (Item 16J of the 1999 Appropriation Act) originated from the Joint Subcommittee on Higher Education Funding Policies, which is composed of members of the House Appropriations and Senate Finance Committees. Joint Subcommittee staff issued a report in November, 1998, titled "Need-Based Financial Aid for Dependent Undergraduate Virginia Students at Virginia's Public Colleges and Institutions," which concluded with a recommendation that JLARC conduct this study.

The Joint Subcommittee report stated that the Commonwealth has a public policy of providing access to higher education for all students, regardless of economic circumstance. The substantial General Fund subsidy for Virginia students attending public colleges and universities is intended, in part, to serve this general public policy. The average General Fund subsidy per resident full-time equivalent (FTE) student in Fiscal Year 1999 at the four-year institutions is $6,900. Further, need-based financial aid also carries out this general public policy in part, and it applies to a large segment of the undergraduate population. For example, in Fiscal Year 1997, about 40 percent (or more than 80,000) of all Virginia undergraduates were receiving some need-based financial aid.

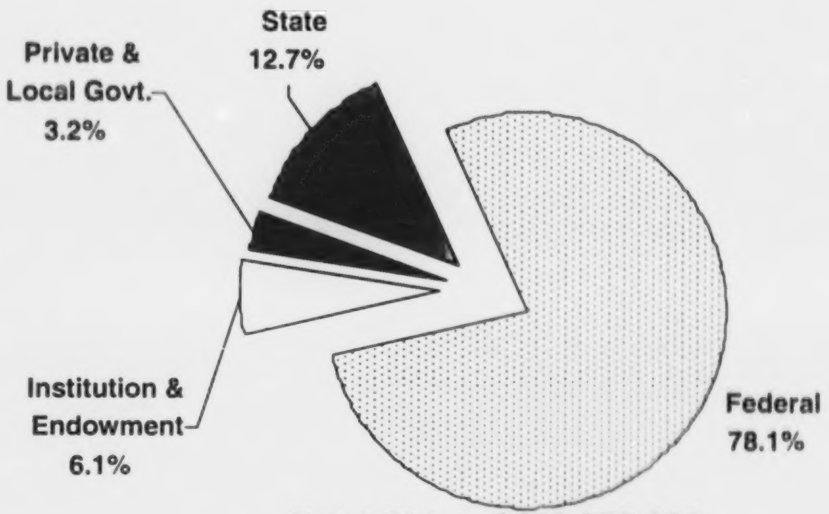
The State is not alone in providing aid to needy students. In fact, the State provides only 12.7 percent of financial aid, while 78.1 percent comes from the federal government, as shown in Figure 1.

Six key components to understanding the basics of need-based financial aid as it is currently administered in Virginia are discussed:

- federal programs,
- State programs,

Figure 1

Total Financial Aid by Source (1997-98)



Total Aid = $456,979,004

Source: State Council of Higher Education for Virginia, 1997-98 Student Financial Aid Data File.

- qualifying for need-based financial aid,
- financial aid packaging,
- how State financial aid appropriations are allocated, and
- legislative changes made to State need-based financial aid in 1992, with some remaining issues identified by the Joint Subcommittee.

Federal Programs

The federal government has provided need-based grants since 1965. The large "Pell Grant" program dominates federal grant programs. Before 1965, the only form of aid by the federal government based solely on the financial need of the student was in the form of low-cost loans. The G.I. Bill provided access to college for many in the armed services, but this aid was not need-based. The components of current federally-subsidized aid to needy students fall into three categories: grants, loans, and a work-study program.

Pell Grant. This program is targeted for "extremely needy" students as determined by federal formula. It is determined by the "Expected Family Contribution" (EFC) toward the cost of attending college, based on data submitted on the application form. The maximum grant for a student with zero EFC was $3,125 in the 1998-99 school year. The lowest grant was $400 for a student with $2,925 EFC. The Pell schedule has 28 grant levels.

Supplemental Education Opportunity Grant. This program is for "exceptionally needy" students (that is, students with the lowest expected family contribution). Priority is given to students who receive Pell grants. It is administered by the individual institutions, which must provide a 25 percent match. State financial aid appropriations are used for this match.

Perkins Loan. Loans under this program are for "extremely needy" students as determined by each institution. Pell eligibility is a common standard. The terms for these loans are:

- maximum of $4,000 per year, not to exceed $20,000 total, for institutions with loan default rates of 15 percent or less (otherwise, $3,000 and $15,000, respectively);
- repayment not required until six months after college;
- five percent interest; and
- 10 year term.

The federal government subsidizes the financial institutions that make these loans.

Stafford Loan. These loans are for any student with remaining need. Remaining need is essentially the remaining cost of attending college after the family's expected contribution and Pell grants and scholarships are taken into account. The terms for these loans are:

- maximum of $2,650 for freshmen, $3,500 for sophomores, $5,500 for juniors and seniors, not to exceed $23,000 total,
- repayment not required until six months after college;
- 6.8 percent interest during college, and 7.4 percent during repayment; and
- 10 year term.

Work-Study. Each institution receives a federal grant for work-study programs. There is a 25 percent required match. Students may work up to 20 hours per week in a job on campus with the wages covered by the federal grant and the institutional match.

State Programs

Virginia did not have a state-funded need-based grant program until the early 1970s. Before that, Virginia had a revolving loan program for needy students. Virginia's major need-based programs are the Virginia Guaranteed Assistance Program, Commonwealth Awards, and the College Scholarship Assistance Program.

Virginia Guaranteed Assistance Program (VGAP). This program is designed to encourage Virginia high school students to graduate from high school and view college as a realistic expectation. It has a merit component. A 2.5 high school grade point average is required. It is administered by each institution using its general fund undergraduate financial aid appropriations and applying its own award schedule. VGAP students receive a bonus financial aid amount. Neediest VGAP students as determined by each institution can receive the maximum award that covers tuition, required fees and books. VGAP students must be full-time and maintain a 2.0 grade point average in college.

Commonwealth Award Program. This program provides grants to Virginia students who are not eligible for VGAP and are at least half-time. The maximum grant cannot exceed the level of tuition and required fees. There are no grade point average requirements. Only satisfactory progress toward a degree is required. This program has generally the same process of administration as VGAP.

College Scholarship Assistance Program (CSAP). CSAP represents Virginia's participation in the federal State Student Incentive Program (SSIG) that provides grants to students with substantial need. "Substantial need" for purposes of the SSIG program is determined by each state and is approved by the Secretary of Education. There is no grade point average requirement. The minimum award is $400 and the maximum is $5,000. In fiscal year 1997, $3.9 million was spent for 6,559 CSAP awards. Of this amount, $3.4 million was State general funds and $520,000 federal funds. To continue in this program, the state must maintain its funding at a level equal to the average of state funding for the prior three years. Federal matching funds, however, have been steadily on the decline. The federal SSIG program has recently been renamed as the Leveraging Educational Assistance Partnership (LEAP).

The federal and primary state need-based grants and loans are summarized in Table 1.

Figure 2 (page 6) shows the breakdown of financial aid to in-state students by type of aid. Undergraduate in-state students at Virginia's public colleges and universities received more than $450 million in financial aid during the 1997-98 academic year. The majority of this aid came in the form of loans, while grants accounted for slightly more than one-third of all aid. Scholarships and work-study accounted for only six

Table 1

Key Characteristics of Financial Aid Programs

Federal Grants

	Eligibility	Maximum Award	Minimum Award
Pell	Extreme Need	$3,000	$400
SEOG	Exceptional Need	$4,000	$100

State Grants

VGAP	Need plus 2.5 high school G.P.A.	Tuition and Fees plus Books	Discretionary
Commonwealth	Need	Tuition and Fees	Discretionary
CSAP	Substantial Need	$5,000	$400

Loans

Federal	Eligibility	Maximum Award	Minimum Award	Interest/Term
Perkins	Extreme Need	$4,000	Discretionary	5% / 10 yrs
Stafford	Need	$2,625 Freshmen $3,500 Sophomores $5,500 Juniors & Seniors	Discretionary	6.8-7.4% / 10 yrs

Source: Joint Subcommittee on Higher Education Funding Policies, *Need-Based Financial Aid for Dependent Undergraduate Virginia Students at Virginia's Public Colleges and Institutions*, 1998.

percent of all aid to in-state students. A more detailed breakdown of financial aid by type and source for each institution is shown in Appendix B.

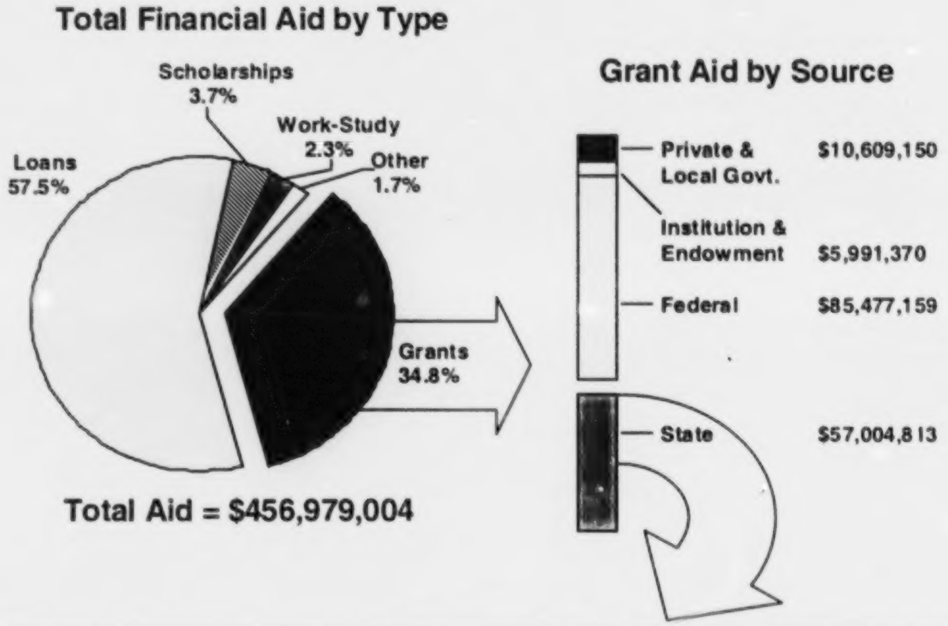
The component of financial aid that is of major concern for this study is grant aid. Grants do not need to be repaid, as is the case with student loans, and students are not obligated to work, as is the case with work-study programs. Scholarships are "earned" through a student's academic merit, leadership abilities, or talent in a particular area. Although a student may be required to demonstrate academic merit to be eligible for grant consideration, grant award amounts are based solely on the economic circumstances of the student and the student's family. They are intended to reduce the financial barriers to a college education for financially needy students.

Virginia provided more than $57 million in need-based grants to in-state undergraduate students during the 1997-98 academic year, or about 13 percent of all aid received by these students. This $57 million also represents about 35 percent of all

BEST COPY AVAILABLE

Figure 2

Financial Aid to Undergraduate In-State Students by Type and Source (1997-98)



Virginia Student Financial Assistance Program (VSFAP)		$	51,284,768
Commonwealth Award	*$ 34,290,421*		
Virginia Guaranteed Assistance Program (VGAP)	*$ 16,994,347*		
College Scholarship Assistance Program (CSAP)		$	4,185,079
Virginia Transfer Grant (VTG)		$	812,657
Last Dollar		$	652,321
Graduate and Undergraduate Assistance Program (VAGUAP)		$	69,988

Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

grant aid received. The federal government provided more than half of all grant aid through the Pell Grant and Supplemental Educational Opportunity Grant (SEOG), while institutions and outside sources provided about $16 million in grant aid.

The $57 million in State grant aid is divided among six different programs, but two programs (the Commonwealth Award and the Virginia Guaranteed Assistance

Program) account for 90 percent of the total State grant dollars. The Commonwealth Award ($34.3 million) and the Virginia Guaranteed Assistance Program ($17.0 million) comprise the Virginia Student Financial Assistance Program (VSFAP), which is the major focus of this study. Other State programs include the College Scholarship Assistance, Virginia Undergraduate and Graduate Assistance, Virginia Transfer Grant, and Last Dollar programs. These programs serve special purposes and are discussed in more detail in Appendix C.

Qualifying for Need-Based Financial Aid

A student's need for financial aid is determined by federal formula. A college may adjust the need level based on its own review of data reflecting the student's economic circumstances.

The process starts with the student and parents filling out an application for federal student aid and sending it to a federal agency for review and processing. The form seeks such data as family income and assets, number of children, number of children in college, and how close the parents are to retirement age. After about four weeks, the student and parents receive a Student Aid Report that includes the "Expected Family Contribution" (EFC) toward the cost of attending college (including tuition and fees, room and board, books, and so on). The EFC is derived from the data on the application form.

The Student Aid Report also is sent to those colleges the student designated on the federal application form. The colleges receiving the federal report may ask the student to fill out their financial aid application forms, as well, and the EFC level may be adjusted as the result of this review. Upon acceptance for admission, the financial aid officer at the college then puts together a financial aid package for the needy student. Generally, if the student's family income is over $50,000 (and assuming, for illustrative purposes, it is a family of four with one child in college), the EFC is sufficiently high that the student would not be eligible for need-based financial aid. The process assumes that students from relatively higher-income families will be able to acquire the necessary financial support from their families.

The *Virginia Administrative Code* requires that public institutions use cost of attendance and "remaining need" as the basis for determining the size of the State award. Students with the greatest need receive the highest grants. The grant amounts are determined by each institution according to its own award schedule. There are as many award schedules as there are institutions. Consequently, a student at one institution may receive a grant much larger or smaller than a student in like economic circumstances at another institution. For example, in 1998-99 a student with remaining need between $6,000 and $6,999 could receive a VGAP award as low as $750 at Mary Washington College or as much as $3,478 at the University of Virginia's College at Wise.

In contrast, federal Pell grants are available to extremely needy students as determined by the EFC, and a uniform schedule is followed. The lower the EFC, the higher the grant made to the student. As a result, students with the same remaining need receive roughly the same Pell grant amount, regardless of which Virginia university or college they attend.

Financial Aid Packaging

Constructing the financial aid package generally entails four main steps:

1. Determine the cost of attending college.
2. Deduct from the cost of attending college the amount the student and the family are expected to contribute (the EFC).
3. Deduct any "gift aid," such as a federal Pell grant or a scholarship.
4. The balance after the EFC deduction and the "gift aid" deduction is the "remaining need."

The "cost of attendance" includes tuition, fees, room, board, books, required computers, supplies, travel, and personal expenses. For grant-making purposes, each institution determines the cost of each of these components and comes to a total for its own cost of attendance. At the four-year institutions in Virginia, the cost of attendance averages about $12,000, and ranges from a low of $9,800 at Virginia State University to a high of $15,212 at Virginia Tech. Typically, tuition and fees account for one-third to one-half the total cost of attendance. The higher the cost of attendance, the higher the "remaining need," and the better chance the student has to be eligible for a State grant.

For State need-based aid, the policy at the four-year institutions in Virginia is that the State is the provider of last resort. Students and their families are expected to contribute to a portion of the costs of attending college, and students must apply for federal aid before receiving a State grant. The portion of college costs expected of the student's family (the EFC) is determined by a federal methodology through applying for a Pell grant. Institutions may supplement the federal methodology with their own financial aid forms that students are required to complete. After the EFC and all other grants and scholarships are accounted for, "remaining need" is determined by subtracting these components from the cost of attendance. Theoretically, this is the amount of money needed for a student to attend college without going into debt.

"Remaining need" may be covered in part with a State grant, a subsidized federal loan, subsidized work-study, or a combination of the three. After the financial aid package is put together, a balance usually remains (called the "X factor"), and that balance may be covered by part-time jobs, a higher than expected family contribution, additional loans, ingenuity and sacrifice. The Joint Subcommittee report provided an example of how remaining need and the remaining balance are calculated (Table 2).

Table 2

How Remaining Need and the "X Factor" Are Calculated

Cost of Attendance	$13,000
Less EFC	(2,000)
Less Pell Grant	(1,175)
Equals Remaining Need	*9,825*
Less State Grant	(3,500)
Less Federal Work-Study	(1,000)
Less Federal Student Loan	(3,000)
Remaining Balance ("X Factor")	$2,325

Source: JLARC staff analysis, Joint Subcommittee on Higher Education Funding Policies, *Need-Based Financial Aid for Dependent Undergraduate Virginia Students at Virginia's Public Colleges and Institutions*, 1998.

State grants in particular are influenced by several factors. As shown in Table 2, one influencing factor in determining the amount of the award is the cost of attending a particular institution. Another is the "remaining need" of the student. But there are other influencing factors as well: the amount of the State appropriation per institution (that is, the total amount of money that the institution has to work with); and the institution's award schedule (that is, its plan for distributing its appropriation).

How State Financial Aid Appropriations Are Allocated

Traditionally, the allocation formula developed by the State Council of Higher Education for Virginia (SCHEV) has been followed for the distribution of financial aid appropriations to the public colleges and universities. The State Council determines remaining need for an institution on a student-by-student basis.

While the SCHEV allocation formula calculates "remaining need" in a manner similar to that which the institutions use to determine the amount of a grant, a major difference is that SCHEV uses standard cost elements. For example, SCHEV uses a national standard of $572 for transportation in its allocation formula, while Institution A may use $1,875 and Institution B may use $810 for transportation. The standards used by SCHEV for allocation purposes generally are below what the institutions use for award purposes.

Different calculation methods at the institutional level result in different outcomes. A higher estimate for the cost of attendance makes more students eligible for aid. A lower estimate using cost standards concentrates aid dollars toward the neediest students.

After remaining need is computed for each student at an institution, SCHEV then aggregates the data to determine remaining need for the entire institution. The same process is followed for all institutions. SCHEV uses the relative proportions of aggregated remaining need to pro-rate the State need-based financial aid appropriation among the institutions. After allocating funds based on a hold-harmless provision, institutions with the highest proportion of remaining need receive proportionately more of the State appropriation.

Legislative Changes and Remaining Issues

Prior to 1992, Virginia's financial aid program was largely decentralized, so that it was virtually delegated to the public institutions. The program was generally referred to as the "discretionary" aid program, because the institutions had discretion to make need-based grants as they wished from the General Fund appropriations made by the General Assembly.

There was no requirement that the neediest students receive the highest grants. There was no requirement that the neediest students even receive any grants at all. Award schedules were not required. Some institutions used factors in addition to need to determine grant amounts. In addition, an institution could use up to 50 percent of its undergraduate grant appropriation to make grants to graduate students.

The State financial aid program became less discretionary and somewhat more centralized with the advent of VGAP in 1992. VGAP has evolved from a small stand-alone grant program to the significant financial aid program that it is now. The Appropriation Act over the last six years has been amended several times to articulate policies for the Virginia Student Financial Assistance Program that:

- segregate undergraduate and graduate financial aid and do not permit transfer of funds between undergraduate and graduate levels;
- make need the only factor in financial aid for undergraduate students; and
- require that grants be made to needy students according to a schedule.

While these policies have reduced the degree of discretion at individual institutions, there remains considerable institutional latitude regarding award schedules and other variables related to "need," resulting in different outcomes across the statewide system of higher education. SCHEV is charged by statute with reviewing and approving the institutions' plans to distribute their financial aid appropriations. This review is generally confined to whether the institution is meeting the basic provisions of the law.

The Joint Subcommittee report characterized the current administration of the State financial aid program as decentralized with respect to its process and to the amounts of the awards granted. Each institution determines its cost of attendance, which, in turn, influences the student's remaining need and the amount of the award.

Each institution determines the maximum award for the neediest student, along with the award schedule that descends on a sliding scale from the maximum award. For students receiving VGAP, the minimum award to the neediest students must be at least equal to tuition. The subcommittee report stated:

> The maximums and minimums and the number of levels in their award schedule vary considerably....Current policy provides guidance, but allows each institution to administer financial aid as it sees fit. The approach can result in students with similar economic circumstance being awarded very different amounts of financial aid.

A review of institutional approaches to award schedules (discussed in Chapter II) confirms this finding.

CHARACTERISTICS OF NEED-BASED FINANCIAL AID SYSTEMS IN OTHER STATES

Part of JLARC's mandate to review need-based financial aid programs specified that the Commission "review the policies and implementation strategies for financial aid programs in other states." States vary in their approaches to student financial aid. Key defining characteristics of state financial aid systems include the program's administrative structure, eligibility criteria, and award formula for distributing aid. Another characteristic worth noting is the use of a merit component in distributing aid to students.

The National Association of State Student Grant and Aid Programs (NASSGAP) conducts an annual survey of state financial aid administrators to collect data on state grant programs. JLARC staff used this data source to show the differences in the characteristics of state financial aid systems. The NASSGAP data set is for the 1996-97 academic year, which is the latest available survey. To supplement the NASSGAP data, JLARC staff also interviewed financial aid administrators in other states to understand better the workings of different financial aid systems. The results of these case studies are presented in Appendix D.

Most states have more than one state grant program in their financial aid system. Normally, however, there is one major grant program that constitutes the bulk of need-based aid to its residents. In the discussion of grant attributes such as administrative structure, eligibility criteria, and the use of a merit component, the largest need-based grant is used as the basis of comparison between states. Appendix E provides more information from all 50 states on financial aid per full-time undergraduate student and average tuition at four-year public institutions.

Administrative Structures of State Need-Based Grant Programs

A basic distinction of a state grant program is its administrative structure. While the process of distributing financial aid dollars to students may be slightly different in each state, the financial aid systems may be classified as either centralized or decentralized. In a centralized system, a central agency processes financial aid applications and determines student eligibility. In a decentralized system, the institutions process financial aid applications and distribute financial aid awards to students. Depending on state guidelines, a decentralized system may or may not give institutions flexibility to create their own eligibility criteria and determine award amounts for students. Similarly, a centralized system may allow institutions some flexibility to adjust eligibility criteria and awards. As shown in Table 3, 31 of the 50 states have centralized financial aid systems for their largest need-based grant program. Centralization appears to be related to the size of the state system. Nineteen of the top 25 states in total undergraduate need-based aid have centralized systems; twelve of the bottom 25 states have centralized systems. Eight of the nine states that rank above Virginia in total undergraduate need-based aid have centralized systems for their largest need-based grant program. Of the ten states with the smallest need-based grant systems, seven have decentralized administrative structures.

States with a consolidated governing board for the public colleges and universities are not more likely than other states to have a centralized financial aid system. The Education Commission of the States lists 24 states as having a consolidated governing board for the public colleges and universities in the state. The other 26 states have only a coordinating board or a planning agency. Of the 24 states that have a consolidated governing board, 12 have a centralized financial aid structure and 12 have a decentralized structure. Of the 26 states that do not have a consolidated governing board, 19 have a centralized financial aid structure while 7 have a decentralized structure. States that do not have a consolidated governing board are slightly more likely to have a centralized need-based financial aid structure. Table 4 shows the relationship between State higher education governing structure and financial aid structure.

Eligibility Criteria of State Need-Based Financial Aid Programs: Public Versus Private University and College Students

State need-based financial aid systems also vary in who is eligible for need-based grants. Some states, like Virginia, have one major grant program for students attending in-state public institutions and another program for in-state private institutions. Other states use one main grant program for students attending either in-state public or in-state private institutions. Some even give awards from the same grant program to students attending a college or university in another state. Twenty-nine of the 32 grant programs with centralized administrative structures include private institutions in the program. Generally, the states that offer the most need-based aid have one program for both public and private institutions. The nine states that offer more need-based grant aid than Virginia all include private institutions in their major program. In fact, 41 of the 50 states include private institutions in their major public

Table 3

Selected Characteristics of Major Need-Based Grant Programs, 1996-97

State	Administration C = Centralized D = Decentralized	Includes Private Institutions? Y = yes, N = no	Includes Merit Component? Y = yes, N = no
Alabama	D	Y	N
Alaska	C	Y	Y
Arizona	D	Y	N
Arkansas	C	Y	Y
California	C	Y	Y
Colorado	D	Y	N
Connecticut	C	Y	Y
Delaware	C	Y	Y
Florida	C	N	N
Georgia	D	Y	N
Hawaii	D	Y	Y
Idaho	D	Y	N
Illinois	C	Y	N
Indiana	C	Y	N
Iowa	D	N	N
Kansas	C	Y	Y
Kentucky	C	Y	N
Louisiana	C	N	Y
Maine	C	Y	N
Maryland	C	Y	N
Massachusetts	C	N	N
Michigan	C	Y	Y
Minnesota	D	Y	N
Mississippi	D	Y	N
Missouri	C	Y	N
Montana	D	Y	N
Nebraska	D	Y	N
Nevada	D	N	N
New Hampshire	C	Y	N
New Jersey	C	Y	N
New Mexico	D	N	N
New York	C	Y	N
North Carolina	C	Y	N
North Dakota	C	Y	N
Ohio	C	Y	N
Oklahoma	C	Y	N
Oregon	C	Y	N
Pennsylvania	C	Y	N
Rhode Island	C	Y	N
South Carolina	C	Y	N
South Dakota	D	Y	N
Tennessee	C	Y	N
Texas	D	N	N
Utah	D	Y	N
Vermont	C	Y	N
Virginia	D	N	Y
Washington	D	Y	N
West Virginia	C	Y	Y
Wisconsin	C	N	N
Wyoming	D	N	N

Source: JLARC staff analysis of data collected from other states, and National Association of State Student Grant and Aid Programs, 1996-97 annual survey.

BEST COPY AVAILABLE

Table 4

Higher Education and Financial Aid System Structures

Higher Education Structure	Financial Aid Structure		
	Centralized	*Decentralized*	*Total*
Consolidated Governing Board	12	12	24
Coordinating Board/Planning Agency	19	7*	26
Total	31	19	50

*Virginia falls in this category.

Source: National Association of State Student Grant and Aid Programs, 1996-97 annual survey.
1997 State Postsecondary Education Structures Sourcebook, Education Commission of the States.

institution grant program. Only 13 states award grants to students attending out-of-state institutions. Virginia does not.

Of the nine states that did not include in-state private institutions in their public institution grant program, seven had a separate need-based program for private institutions. One state, Nevada, did not offer any grant aid to students at private institutions. Several states, including Virginia, have separate financial aid programs for resident students attending in-state private institutions. These programs provide a flat amount of money for every resident student attending an in-state private non-profit institution, regardless of the student's financial need or academic merit.

Use of Merit Components in State Need-Based Financial Aid Programs

Several need-based grant programs use a merit component for determining eligibility for an award. These programs are not exactly the same as merit scholarships, which are discussed in Chapter IV. A need-based grant with a merit component still uses financial need as a criterion for eligibility, and financial need also factors into the amount of the award. True merit scholarships are based solely on academic performance. However, merit components in need-based grants are similar to merit scholarships in that they both have the goal of providing an incentive for hard work in high school to be better prepared for college study. They both aim to improve college success rates and ensure that state money is being spent efficiently by distributing it to students who are likely to succeed.

Eleven states, including Virginia, include some form of a merit component in their major need-based grant program. All need-based grant programs require some display of academic merit, in the form of satisfactory academic progress, for renewal of awards. However, these eleven state grant programs require students to demonstrate academic merit in order to receive the initial award. Some states, like Virginia, also provide need-based aid to those students who do not meet the initial eligibility requirements. In these situations, students who meet the merit criteria receive a larger award than their counterparts with similar economic circumstances.

MERIT SCHOLARSHIPS AND INCENTIVE SCHOLARSHIPS

Merit scholarships and incentive scholarships use a very different basis for awarding aid. Therefore, in this report, the review of existing programs and the range of available alternatives are discussed separately from need-based financial aid programs in Chapter IV.

Merit Scholarships

Merit scholarships are different from need-based financial aid programs in that ability to pay is not a factor in the award of the scholarship, according to the Southern Regional Education Board's December 1998 report, *State-Funded Merit Programs: Why are they popular? Can they increase participation in higher education?* Instead of awarding aid based on a family's economic circumstances, awards are given to students based on academic performance in high school, such as high grade-point average (GPA), class rank, standardized test score, or a combination of these factors. Merit scholarships, through these academic criteria, provide an incentive for high school students to prepare for college and thus increase their chances for success in college. Also, merit scholarships normally require students to maintain a high grade-point average in college to renew their award from year to year, thus providing an incentive to continue their high performance. Merit programs are also aimed at keeping the brightest students in their home state. Opponents to merit scholarships cite the relationship between high family income and academic achievement, and argue that most merit scholarships would go to students from relatively wealthy families.

More discussion of this approach to student financial aid is presented in the final chapter.

Incentive Scholarships

Incentive scholarships are different from both need-based and merit-based student aid in that the scholarships are targeted to students entering a particular academic field. These scholarships provide an incentive for students to get a degree in a high-demand field where there is a perceived shortage of qualified applicants. The scholarships often represent part of a state's effort to improve the economic base and be more responsive to industry's needs. More discussion of this approach to student financial aid is presented in the last chapter.

JLARC REVIEW

Item 16J of the 1999 Appropriation Act directs JLARC to review student financial aid programs (Appendix A). In particular, JLARC is mandated to study the Commonwealth's need-based financial aid programs, and the administrative procedures followed by the colleges and universities in the awarding of aid grants. The study mandate specifies that the study shall:

- review the policies and implementation strategies for financial aid programs in other states;
- present alternative policies and administrative structures for carrying out financial aid programs in Virginia; and
- provide alternatives for a simplified, equitable financial aid program for students and parents.

The study mandate states that the objective of the study is the "development of a financial aid system that is both fair to students, and complementary to the Commonwealth's tuition policy."

In addition, the mandate also instructs the Commission to review merit and incentive scholarship plans. JLARC is directed to examine the purposes and measurable objectives of such scholarships, and to make recommendations regarding their application in Virginia.

To address the issues raised in the study mandate, several research activities were undertaken, including: (1) structured interviews; (2) analysis of SCHEV student financial aid data; (3) *Code of Virginia* and *Virginia Administrative Code* searches; and (4) document and literature reviews.

Structured Interviews

Two groups of financial aid administrators were interviewed for this study. One was the financial aid administrators at Virginia public institutions. The other was financial aid administrators in other states.

Financial Aid Administrators at Virginia Public Institutions. Structured interviews were conducted with financial aid administrators at all four-year institutions, Richard Bland College, and the Virginia Community College System. The purpose of these interviews was to gain information on the policies and rationales of each of the institutions' award distribution schedules, as well as institutional perspectives and opinions on the effectiveness and fairness of Virginia's current student financial aid system.

Financial Aid Administrators in Other States. Structured telephone interviews were conducted with financial aid administrators from nine states: Florida, Georgia, Illinois, Maryland, Minnesota, New Jersey, North Carolina, Pennsylvania, and Washington. The purpose of these interviews with the financial administrators was to get their perspectives on student financial aid issues in their states, how need-based aid is administered, and how existing merit and incentive scholarship programs work in their states.

Analysis of SCHEV Student Financial Aid Data

In recent years, the institutions have submitted two types of information to SCHEV: the "S5 report," and student specific financial aid data files. The "S5 reports" inform SCHEV of the institutions' plans for distributing financial aid through the Virginia Student Financial Assistance Program (VSFAP). The "S5 report" contains the institution's planned award schedule for allocating VGAP and Commonwealth Awards, plus the institution's cost of attendance breakdown. This report is SCHEV's vehicle for complying with Appropriation Act language instructing SCHEV to review institutional plans for distributing undergraduate financial assistance. It helps ensure that State student aid is distributed proportional to remaining need, and that VGAP eligible students receive a larger award than non-VGAP eligible students do.

In addition to the "S5 report," SCHEV collects a student-specific Financial Aid Data File from the institutions each year. This file contains a record of every student who applied for need-based aid or received any form of non-need-based aid. For each student in the file, exact award amounts are given for each type of financial aid the student received, including state, federal, institutional, endowment, and other aid from private or local government sources.

Data from these two sources were analyzed to determine:

- differences between institutions in granting State need-based aid awards; and
- actual distributions of financial aid.

Code of Virginia and *Virginia Administrative Code* Searches

Several sections of the *Code of Virginia* address financial aid for undergraduate students. Furthermore, the *Code of Virginia* specifies that SCHEV "shall promulgate regulations for the implementation" of need-based financial aid programs such as VGAP and CSAP. The appropriate sections of the *Code* and regulations promulgated by SCHEV were reviewed to determine how they define the structure of Virginia's student financial aid system.

Document and Literature Reviews

The study team searched the literature on financial aid in higher education from two sources: hard copy books and journals; and the Internet, using search engines and accessing specific web sites. A document which the team especially utilized was the annual survey conducted by the National Association of State Student Grant and Aid Programs (NASSGAP) of student financial aid in all 50 states. Results of this survey provided information on several characteristics of each state financial aid program offered, including the total expenditures, centralized versus decentralized administration, if there is a merit component involved in need-based financial aid, and maximum award amounts. Also available was information on the percentage of need versus non-need and undergraduate versus graduate financial aid for each state, and a state ranking of financial aid per student population.

REPORT ORGANIZATION

This chapter has provided background information on student financial aid in Virginia and in other states, and a discussion of the JLARC review. Further background information on smaller financial aid programs in Virginia is provided in Appendix C, while further information on student financial aid in other states is provided in Appendixes D and E. Chapter II describes how need-based financial aid is currently distributed at the various institutions in Virginia (with a more detailed and systematic inventory of the institutions' policies presented in Appendix B), and presents the findings of preliminary review of awards conducted by SCHEV at the request of JLARC staff. Chapter III first presents a framework for assessing need-based student financial aid programs in terms of goals and objectives, and then discusses in more detail the advantages and disadvantages of alternative approaches for administering student financial aid currently used in some other states. Chapter IV then addresses merit scholarship and incentive scholarship programs, by describing alternative approaches tried in other states and programs currently in place in Virginia, and assessing their potential role in Virginia's system of student financial aid.

II. The Current State Financial Aid System in Virginia

In Virginia's current decentralized system of financial aid, the institutions can use different eligibility criteria and different award schedules. Although the Virginia system is decentralized, there are statutory guidelines and regulations the institutions must follow when determining a student's eligibility for an award and the amount of the award given to a student. The State Council of Higher Education for Virginia (SCHEV) has oversight authority for the financial aid programs to ensure compliance with State regulations. SCHEV's performance of this oversight function, however, historically has been weak.

At the request of JLARC staff for this study, SCHEV staff compared institutional award schedules to actual student awards as a first step for reviewing how aid money is actually distributed. A key finding of this comparison is that almost half of the students who are eligible for the State's largest need-based financial aid program actually receive nothing from it. Another key finding is that on average, the institutions appeared to be varying from their own award schedules in 61 to 65 percent of the cases in which awards were made. Further review at the institutional level is required to determine why these results occur. However, these preliminary findings indicate the need for better monitoring of how the institutions award State grants to eligible students, and periodic calculation of the amount which would be needed to fully fund grants to students who are currently not receiving the full amount of State aid for which they are eligible.

This chapter first provides an overview of the eligibility criteria that the various public institutions in Virginia use for State financial aid, and then a description of the different award schedules that are in place. The oversight responsibilities of SCHEV, and the results of the preliminary comparison, are also discussed in this chapter.

ELIGIBILITY CRITERIA USED FOR THE VIRGINIA STUDENT FINANCIAL ASSISTANCE PROGRAM (VSFAP)

The Virginia Student Financial Assistance Program was formed in 1995 when the old "discretionary aid" program and the Virginia Guaranteed Assistance Program (VGAP) merged into one program. VGAP was created several years earlier as an attempt to promote academic achievement in high school and to reward economically disadvantaged students for good work. The Commonwealth Award evolved from the old "discretionary aid" program and provides funding for students who are not eligible for a VGAP award. VSFAP funds are allocated proportionally to institutions each year based on the institution's total "remaining need" of their students. (Remaining need is the amount of money required to meet the cost of education after the family contribution, Pell Grant, and other gift aid are taken into account.) The institutions then divide the available VSFAP money among VGAP-eligible and non-VGAP-eligible students.

VGAP-eligible students receive a slightly larger award than their counterparts for the same level of remaining need.

To be eligible for an initial VGAP award, a student must have at least a 2.5 grade point average (GPA) in a Virginia high school and be tax-dependent. Students must also maintain a 2.0 GPA in college and successfully complete a full-time academic load in the fall and spring semesters to renew their VGAP award. VGAP students who do not meet the renewal requirements may become eligible for a Commonwealth Award.

There is no minimum high school grade point average requirement for an initial Commonwealth Award. The student does not have to be a dependent, and only needs to enroll in six credit hours per semester. In order to renew a Commonwealth Award, the student needs to meet the institution's requirements for satisfactory academic progress. (Standards for satisfactory academic progress vary by institution. Some institutions require students to achieve a 2.0 GPA after one semester, while others allow students more time to bring their GPA up to the 2.0 level.)

The size of the VGAP or Commonwealth Award grant for each student depends on two main factors: the cost of attendance at the institution, and the institution's award schedule. Because of the decentralized nature of the program, and because tuition and fees are different at each institution, there is considerable variation in these two factors across the institutions. Consequently, there is considerable variation in the size of the award for a given level of remaining need across institutions. The institutions have some discretion in how these grants are awarded, but they are constrained by State and federal regulations. Differences in cost of attendance and award schedules, and the State policies and guidelines by which the institutions are bound, are examined in the next sections.

Cost of Attendance Used for Determining Financial Aid Eligibility

The cost of attendance (COA) at a college or university is a critical component in determining student eligibility for a need-based grant. As COA rises, remaining need increases, and more students become eligible for a grant. As COA decreases, relatively less needy students become ineligible for a grant, and the grant money is concentrated towards the neediest students. Institutions have a fixed sum of State financial aid dollars that they can distribute among the student population. If the institution's COA is relatively low, fewer students would receive larger grants. Conversely, if the COA is high, grant money is distributed more thinly across a larger group of students. The decisions an institution makes in setting its cost of attendance could have a big impact on the number and size of grants awarded to students.

Each institution develops its COA based on tuition, required student fees, housing, board, books and supplies, transportation, personal, and other miscellaneous expenses. The total COA is developed in accordance with federal guidelines. The COA at an institution may be different depending on the student's living arrangements.

Students living in campus housing may face a different COA than students living off-campus. Also, students living off-campus and away from their parents may face a different COA than students living at home with their parents. The differences in COA are primarily the result of differences in the housing, board, and transportation components.

Table 5 below illustrates the differences in cost of attendance at the Virginia public colleges and universities. The tuition and fees component, which typically accounts for about one-third to one-half of the total COA, is listed as well. Table 5 illustrates that there is a great deal of variation in the COA across institutions. Tuition and fees are set each year by the institutions' boards of visitors. Housing and board costs for on-campus students may also be set by the boards of visitors. The other components are based on student surveys, estimates from the College Board's College Scholarship Service, Bureau of Labor Statistics estimates, bookstore accounts, or other sources.

Table 5

1998-99 Cost of Attendance Estimates at Virginia Public Colleges and Universities

Institution	Tuition and Fees	Total Cost of Attendance		
		On-Campus	Off-Campus with Parents	Off-Campus Away from Parents
Christopher Newport	$3,466	$11,000	$9,500	$11,000
George Mason	$4,300	$14,066	$10,893	$15,141
James Madison	$4,148	$11,314	$8,702	$11,462
Longwood	$4,416	$12,694	$12,694	$12,694
Mary Washington	$3,570	$12,130	$10,120	$14,730
Norfolk State	$3,000	$9,966	$8,100	$9,966
Old Dominion	$4,200	$12,450	$12,450	$12,450
Radford	$3,180	$10,172	$7,032	$10,372
UVA*	$4,840	$11,860	N/A	$11,860
UVA-Wise	$3,478	$10,217	$7,685	$7,685
VCU	$4,111	$14,286	$10,176	$14,286
VMI**	$6,545	$12,525	N/A	N/A
Virginia Tech	$4,306	$15,212	$13,108	$15,830
Virginia State	$3,307	$9,767	$7,557	$9,767
William and Mary	$5,032	$11,438	$9,102	$11,438
Richard Bland***	$1,990	N/A	$5,740	$6,740
VCCS***	$1,208 - $1,472	N/A	$5,008 - $8,850	$6,704 - $11,268

* COA estimate is for returning students. COA for first-year students is $11,380.
** All students live on campus at VMI.
*** Public two-year colleges in Virginia do not have campus housing.

Source: SCHEV 1998-99 "S5 Reports."

Personal and miscellaneous expenses may include the cost of a computer, if the institution requires all students to own one. For the 1998-99 academic year, Virginia Tech required a computer for all students and estimated the cost at $3,000. This decision by Virginia Tech resulted in its having the highest ($15,212 on campus) estimated cost of attendance of any Virginia public college or university. Longwood College has since implemented a computer requirement for students.

All COA estimates must be in compliance with federal guidelines specified in the *Federal Student Aid Handbook*. As is evidenced by the differences in COA outside of differences in tuition and fees, these guidelines provide flexibility to institutions to compute costs as they see fit. The cost components outside of tuition and fees are analyzed in the following sections.

Housing and Board. At many institutions, housing and board costs account for the largest share of the total cost of education. At the community colleges, housing and board costs may far exceed tuition and fees. Many factors go into the housing and board costs, the most important being the living arrangement of the student and the geographic location of the institution. Students living off-campus and away from their parents generally face higher costs than their counterparts living on campus. Understandably, students living with their parents face the lowest housing and board costs. Institutional policies set by the boards of visitors, as well as the nature of campus housing, explain differences in these costs across institutions for students living on-campus. Institutions in urban areas often have higher costs of living than institutions in rural areas, and scarcity of student housing in the locality will also cause the cost to increase.

As Table 6 shows, housing and board costs vary considerably. A student may have an estimated housing and board cost as low as $1,500 or as high as $7,368. George Mason has the highest housing and board costs, as may be expected given its location in Fairfax County. However, the community college with the highest housing and board costs is Virginia Western, not Northern Virginia Community College as might be expected. There is considerable variation in the difference between the cost of students living on their own and of those living with their parents. Several institutions estimate the cost of living with parents at the federal standard minimum of $1,500. In addition to differences in location and living arrangements, differences in the methods used by the institutions to calculate housing and board costs play a large part in explaining cost differences across institutions.

Transportation. Institutional estimates for student transportation costs often include average vehicle miles for commuter students, parking fees, and the average cost of traveling home for semester breaks. Students at urban and commuter campuses tend to incur higher costs than students at residential colleges, and students in rural areas also tend to incur high transportation costs due to long commuting distances. Students living at home with their parents may incur higher transportation costs than those living on their own, as the latter students may be more likely to live in housing close to campus. Table 7 below shows the differences in estimated transportation costs at the institutions.

Table 6

Estimated Housing and Board Costs

Institution	On-Campus	Off-Campus with Parents	Off-Campus Away from Parents
Christopher Newport	$4,650	$2,980	$4,650
George Mason	$6,552	$3,120	$7,368
James Madison	$4,846	$2,234	$4,994
Longwood	$4,360	$4,360	$4,360
Mary Washington	$5,180	$2,312	$6,922
Norfolk State	$4,166	$1,700	$4,166
Old Dominion	$5,200	$5,200	$5,200
Radford	$4,840	$1,500	$5,840
UVA*	$4,790	**	$4,820
UVA-Wise	$4,472	$1,500	$1,500
VCU	$5,610	$1,500	$5,610
VMI***	$4,080	N/A	N/A
Virginia Tech	$3,958	$1,854	$4,576
Virginia State	$4,910	$2,800	$4,910
William and Mary	$4,586	$2,880	$4,586
Richard Bland****	N/A	$1,500	$2,500
VCCS****	N/A	$1,500 - $4,000	$2,500 - $5,933

* On-campus housing and board cost is for returning students. Budget for first year class is less than all other classes. First-year students must reside in first-year residence halls which are significantly less costly than returning upper-class residence.

** Not given in "S5 Report" from UVA.

*** All students live on campus at VMI.

**** Public two-year colleges in Virginia do not have campus housing.

Source: SCHEV 1998-99 "S5 Reports."

Wytheville Community College in the Virginia Community College System (VCCS) has the highest transportation cost at $2,100. VCU has the highest cost of the senior institutions at $1,875. There is a lot of variation in cost between the institutions, with the average cost being about $1,000. Institutions also vary in how they differentiate costs between students by living arrangement. Some do not differentiate at all, while others use a higher cost for students living with their parents or vice versa. Although transportation costs are only a fraction of the total cost of attendance, these differences may affect a student's eligibility for a State grant and the size of the grant received.

Personal and Other Miscellaneous Costs. Personal cost estimates may include such things as health care, child care, and other day to day expenses. Other miscellaneous costs may include a computer, as in the case of Virginia Tech. Because of the nebulous nature of this category, these costs vary widely among the institutions. Table 8 details institutional estimates for personal and other miscellaneous costs.

Table 7

Transportation Estimates Used in Cost of Attendance

Institution	On-Campus	Off-Campus with Parents	Off-Campus Away from Parents
Christopher Newport	$810	$960	$810
George Mason	$1,180	$1,439	$1,439
James Madison	$600	$600	$600
Longwood	$1,000	$1,000	$1,000
Mary Washington	$964	$1,666	$1,666
Norfolk State	$700	$1,300	$700
Old Dominion	$1,000	$1,000	$1,000
Radford	$400	$600	$600
UVA	$200	*	$200
UVA-Wise	$660	$1,100	$1,100
VCU	$1,875	$1,875	$1,875
VMI**	$300	N/A	N/A
Virginia Tech	$1,124	$1,124	$1,124
Virginia State	$400	$800	$400
William and Mary	$150	$600	$150
Richard Bland***	N/A	$1,000	$1,000
VCCS***	N/A	$792 - $2,100	$792 - $2,100

* Not given in "S5 Report" from UVA.
** All students live on campus at VMI.
*** Public two-year colleges in Virginia do not have campus housing.

Source: SCHEV 1998-99 "S5 Reports."

Personal cost estimates alone range from zero dollars for students living with their parents at Virginia State University to $3,575 for students living on their own at Patrick Henry Community College. While Patrick Henry Community College has the highest personal costs, its total COA is not the highest among community colleges, as housing and board, transportation, and books and supplies costs are lower than at many other community colleges. While there is considerable variation in the estimates for personal costs, these costs are all within federal guidelines. When "Other Miscellaneous Costs" are added to personal costs, Virginia Tech is the highest with $5,000, which includes the cost of the computer requirement.

Books and Supplies. This cost component is simply the average amount of money needed to purchases textbooks and other materials associated with a full-time course load. These estimates are normally derived using student surveys, bookstore accounts, or national guidelines. The cost for books and supplies is generally between $500 and $1,000. Differences in cost may arise due to the quantity and typical price of the books that are required, and the pricing structure of the university or other local bookstores (which may reflect the extent of competition for student customers in the area). As with tuition and fees, cost estimates for books and supplies are the same regardless of the student's living arrangement. Table 9 lists the books and supplies costs used by the institutions.

Table 8

Personal and Other Miscellaneous Costs Used in Cost of Attendance Estimates

Institution	On-Campus	Off-Campus with Parents	Off-Campus Away from Parents
Christopher Newport	$1,440	$1,460	$1,440
George Mason	$1,284	$1,284	$1,284
James Madison	$600	$600	$970
Longwood	$2,268	$2,268	$2,268
Mary Washington	$1,700	$1,700	$1,700
Norfolk State	$1,300	$1,300	$1,300
Old Dominion	$1,350	$1,350	$1,350
Radford	$1,152	$1,152	$1,152
UVA	$1,200	*	$1,200
UVA-Wise	$988	$988	$988
VCU	$2,090	$2,090	$2,090
VMI**	$1,000	N/A	N/A
Virginia Tech	$5,000	$5,000	$5,000
Virginia State	$550	$50	$550
William and Mary	$970	$970	$970
Richard Bland***	N/A	$750	$750
VCCS***	N/A	$200 - $2,585	$200 - $3,575

* Not given in "S5 Report" from UVA.
** All students live on campus at VMI.
*** Public two-year colleges in Virginia do not have campus housing.

Source: SCHEV 1998-99 "S5 Reports."

Books and supplies cost estimates range from $600 to $824 at the senior institutions, and from $435 to $1,000 at the community colleges. The magnitude of the range for community colleges is interesting to note. For example, the books needed at J. Sargent Reynolds Community College in Henrico County and Richmond are estimated to cost $1,000 per student, while the books needed at John Tyler Community College in Chesterfield County are estimated to cost $500.

Cost of Attendance Rationales and Implications on State Grant Awards

Differences in the cost of attendance methodologies used by institutions do not necessarily reflect the actual cost of attending college, but they may affect a student's eligibility for a State grant. State grant eligibility is based on the COA of the institution, the student's estimated family contribution (EFC), and the amount of federal and other gift aid given to the student. The Pell Grant is not affected by the institution's COA unless the COA is less than $3,125 (the maximum Pell Grant for 1999-2000). The COA at every public institution is greater than this amount, so eligibility for a Pell Grant at Virginia public institutions is entirely based on the student's EFC.

Table 9

Books and Supplies Cost Estimates

Institution	Books and Supplies
Christopher Newport	$634
George Mason	$750
James Madison	$750
Longwood	$650
Mary Washington	$716
Norfolk State	$800
Old Dominion	$700
Radford	$600
UVA	$800
UVA-Wise	$619
VCU	$600
VMI	$600
Virginia Tech	$824
Virginia State	$600
William and Mary	$700
Richard Bland	$500
VCCS	$435 - $1,000

Source: SCHEV 1998-99 "S5 Reports."

Since State grants are based on remaining need, students may be eligible for a VGAP or Commonwealth award without being eligible for a Pell Grant. Students with an EFC greater than $2,925 are not eligible for a Pell Grant, but if their EFC is still lower than the institution's COA, then they have positive remaining need and may be eligible for additional State aid. The following case examples illustrate how the institution's COA affects student eligibility for a State Grant.

> *A student with an EFC of $10,000 is admitted to a college with an estimated COA of $12,000. This student is not eligible for a Pell Grant because her EFC is too high. Her remaining need is $2,000 ($12,000 minus $10,000). Because this student has positive remaining need at this institution, she may receive a State grant to cover part of her costs.*

* * *

> *The same student is also admitted to a college with an estimated COA of $9,000. She has no remaining need since her EFC is greater than*

the COA. She would not be eligible for a State grant at this institution.

It is important to note that the COA estimate used by an institution does not affect the total amount of VSFAP funds the institution gets from State appropriations. These appropriations are based on recommendations made by SCHEV, which take into account tuition and fees at the institutions, cost of living, and past appropriations. Since total State funding is not affected by the institutional COA estimate, the rationales for why an institution may want to use higher or lower COA estimates within federal and state guidelines needs to be explored along with the implications these institutional decisions have on student aid.

Institutional Rationales for Setting Higher or Lower Costs of Attendance. One obvious rationale for setting a higher COA is to make more students eligible for State grants. If more students are eligible, the institution is then able to offer grants to students as an incentive for them to enroll. If a student is undecided between institutions, grant eligibility may become the deciding factor for that student. In interviews with JLARC staff, institutional financial aid administrators said that even a small grant can be a powerful incentive for a student to choose to enroll at that institution.

In interviews with JLARC staff, institutional financial aid administrators said that a high COA estimate can be used as an effective recruiting tool, especially if an institution has a sizeable proportion of its applicants from families of moderate income. A lower COA estimate would make many of these students ineligible for State grant aid. If an institution has a relatively small amount of grant aid to offer through institutional and endowment sources, the State grant is one of the few financial incentives that institution has to offer over competing institutions. By encouraging more students to enroll, the institution can afford to be more selective in the students it admits and can improve its academic profile and ranking among its peers.

Another possible rationale given by financial aid administrators in interviews with JLARC staff is that personnel at the institution may believe they can provide more access to higher education by making more students eligible for grant aid. If the students served by the college or university are primarily from moderate to low income levels, the higher COA estimate and subsequent grant eligibility may make the college education affordable for these students. Conversely, a lower COA estimate may provide more money to the neediest students, but if there are not many students from this income class applying to the institution, the grant money could arguably be better spent by providing access to students from slightly higher income levels.

Financial aid administrators also described to JLARC staff several rationales for an institution setting a lower COA. Concentrating financial aid funds on the neediest students is one rationale for using a lower COA estimate. If an institution has considerable endowment resources, the State grant may be best used on the neediest students, thereby freeing institutional and endowment funds to provide larger grants and scholarships to less needy students. Another rationale may be that the institution believes students should contribute to a significant portion of the costs. In this case grant money would be used only on those students with a significant amount of remaining need. An institution may also be concerned about the growing debt burden on college students. According to some financial aid administrators, students are eligible for less federal loan money when the COA is low, and they may be more inclined to find other ways to pay their college expenses.

A final rationale for adjusting the COA has to do with institutional goals. If an institution wants to increase the number of students living in campus housing to create a more traditional college atmosphere, the institution could set the COA artificially low for off-campus students. This creates an incentive for students to live on-campus, as they would then be eligible for more aid.

Cost of Attendance Estimates May Affect Grant Awards to College Students. An institution's decision to use a high COA estimate could have effects on students in several income classes. Students in the neediest category may have their grant reduced if financial aid dollars are spread to eligible students in the less needy categories. Students in slightly higher income classes may or may not have their grants reduced, depending on the award schedule used by the institution. Students with a higher Expected Family Contribution (EFC) may become eligible for a small State grant if the institution sets the COA above the level of the EFC.

For example, an institution may decide to use high-end cost estimates to raise its COA from $12,000 to $14,000. By doing this, students with an EFC between $12,000 and $14,000 are now eligible to receive financial aid, as they would have positive remaining need. The neediest student at an institution (that is, one with zero EFC) could receive a VGAP award equal to the cost of tuition, fees, and books at that institution. In order to provide grants to students with an EFC higher than $12,000, some grants to students with more need would have to be reduced. (The institution will not receive more VSFAP funds from the State as a result of the decision to raise its COA estimate.) One solution would be for the institution to reduce the size of the largest VGAP award to only the cost of tuition. Money previously used for fees and a book allowance for these students could then be distributed in small grants to students with an EFC greater than $12,000. Table 10 illustrates how the COA estimate used by an institution could affect VGAP awards to students of different income levels.

An institution's decision to use a low-end COA estimate has the opposite effect. The institution is then able to award larger grants to the smaller number of students eligible for a State grant. Students with an EFC between the old and the new COA will not receive a VGAP or Commonwealth award and will have to resort to other methods for paying their college expenses.

Different institutional rationales and methodologies for setting the cost of attendance used for financial need analysis may provide universities with flexible strategies for attracting students, but they also cause inconsistencies in student aid eligibility and award amounts. The COA estimates used by the institutions may have an

Table 10

Change in VGAP Awards Resulting from Institutional Decision to Raise the Estimated Cost of Attendance

Estimated Cost of Attendance	VGAP Award	
	Student A EFC=$12,001	Student B EFC=$0
$12,000	$0	$4,800 (tuition & fees plus book allowance)
$14,000	$500	$3,100 (tuition)

Source: JLARC staff analysis.

impact on access and choice for students, as students are eligible for different amounts of aid at each of the institutions. Although the COA is only one part of the financial aid process that ultimately determines the award amount to the students, more uniform guidelines in the use of alternative methodologies for estimating the COA could reduce inconsistencies across institutions.

INSTITUTIONAL AWARD SCHEDULES FOR ALLOCATING VIRGINIA STUDENT FINANCIAL ASSISTANCE PROGRAM FUNDS

In addition to the cost of attendance used by an institution, the institutional award schedule is a critical factor in determining the amount of money a student receives through a VGAP or Commonwealth award. Each institution devises a schedule based on the remaining need of students. This schedule determines the maximum and minimum VGAP and Commonwealth awards, the neediest category of students, and the minimum level of remaining need at which a student may receive an award. The schedule also determines the difference in award amounts between the levels of remaining need and the difference between the size of VGAP and Commonwealth awards for the same level of remaining need. The VGAP and Commonwealth award schedules are listed for each institution in Appendix B.

Comparison of Award Schedules Across Institutions

Since each institution defines its own award schedule, VGAP and Commonwealth awards will be different across institutions for students of similar economic circumstances. Table 11 below shows the maximum and minimum VGAP and Commonwealth awards for each institution. It is important to note that these scheduled

Table 11

Maximum and Minimum VSFAP Awards at Virginia Public Institutions

	VGAP		Commonwealth	
Institution	**Maximum**	**Minimum**	**Maximum**	**Minimum**
Christopher Newport	$ 3,800	$ 675	$ 3,500	$ 525
George Mason	$ 4,800	$ 1,125	$ 4,300	$ 875
James Madison	$ 4,148	$ 1,100	$ 3,148	$ 500
Longwood	$ 4,416	$ 1,140	$ 3,533	$ 912
Mary Washington	$ 4,000	$ 500	$ 3,400	$ 150
Norfolk State	$ 3,800	$ 300	$ 3,000	$ 600
Old Dominion	$ 4,000	$ 525	$ 3,325	$ 420
Radford	$ 2,500	$ 1,900	$ 1,800	$ 1,200
UVA	$ 5,300	$ 1,500	$ 3,000	$ 1,000
UVA-Wise	$ 3,478	$ 500	$ 2,368	$ 250
VCU	$ 3,600	$ 660	$ 1,950	$ 590
VMI	$ 6,050	$ 500	$ 5,250	$ 500
Virginia Tech	$ 4,306	$ 1,250	$ 2,400	$ 1,000
Virginia State	$ 3,307	$ 1,500	$ 3,000	$ 1,000
William and Mary	$ 3,800	$ 550	$ 3,550	$ 300
Richard Bland*	$ 2,140	$ 750	$ 2,040	$ 500
VCCS*	varies		varies	

* Two-year colleges use an alternative schedule that allows for adjustments in awards to the neediest students.

Source: SCHEV 1998-99 "S5 Reports."

awards are based on remaining need, which in turn is affected by the varying cost of attendance across institutions. (The following table, Table 12, deals with remaining need.)

Table 11 shows considerable variation in award schedules across the institutions. Much of the difference in maximum awards can be explained by differences in tuition and fees at the institutions. Institutions with higher tuition and fees generally have higher maximum VGAP and Commonwealth awards. Institutional discretion also plays a role in the maximum VGAP award, as some institutions award the full tuition, fees, and book allowance, while others award only tuition to their neediest students. Differences in the minimum grant awards do not appear to be related to tuition and fees and are more a function of institutional award packaging philosophies. VMI, which has the highest tuition and fees, sets its minimum award at $500. Radford, which has much lower tuition and fees, sets its minimum at $1,800 for Commonwealth awards and $1,900 for VGAP awards.

Table 12

Levels of Remaining Need for Award Eligibility and Neediest Student Categories, 1998-99

Institution	Minimum Remaining Need for VSFAP Eligibility	Neediest Category for Maximum VGAP Award
Christopher Newport	$1,000	$8,000
George Mason	$2,000	$11,000
James Madison	$5,000	$8,000
Longwood	$3,000	$7,000
Mary Washington	$5,000	$11,000
Norfolk State	$2,000	$9,000
Old Dominion	$1,000	$9,000
Radford	$3,000	$6,000
UVA	$6,000	$8,000
UVA-Wise	$500	$6,000
VCU	$2,000	$11,500
VMI	$2,000	$12,000
Virginia Tech	$1,000	$7,000
Virginia State	$1,000	$7,000
William and Mary	$3,000	$8,000
Richard Bland	$500	$2,800
VCCS	varies	varies

Source: SCHEV 1998-99 "S5 Reports."

Table 12 illustrates the variation across institutions in their definition of the neediest student category and the level of remaining need below which they will not award a State grant. Among the senior institutions, the neediest student category ranges from $6,000 at Radford and UVA-Wise to $12,000 at Virginia Military Institute. These differences, however, are not as great as they appear. Because of differences in the cost of attendance, a student with $6,000 in remaining need at Radford or UVA-Wise may have $12,000 in remaining need at VMI. There are some real differences based on institutional discretionary practices, however. An example is provided by a comparison of the practices of Virginia Tech and the University of Virginia. Virginia Tech, which has the highest COA at over $15,000, considers every student with at least $7,000 in remaining need to be in the neediest category. The University of Virginia, which has a COA of just under $12,000, considers every student with at least $8,000 in remaining need to be in the neediest category.

Other differences in award schedules are defined by the incremental increases in grant awards, and the difference between VGAP and awards for a given level of remaining need. These aspects of the award schedule are shown in Appendix B for each institution.

Because the award schedules are based on remaining need, and remaining need is based on the cost of attendance, the award schedules do not completely illustrate how a student's grant award is affected by the institution that student enrolls in. One method of examining the effect of varying award schedules and different costs of attendance is to see how these factors affect the grant award for a given level of EFC. The student's EFC is calculated by federal methodology and is roughly at the same level regardless of the institution, with some possible minor adjustments made at the institution. Using information from the institutions' award schedules and costs of attendance, it is possible to see how the decentralized system affects a particular student.

In Table 13, VGAP and Commonwealth Awards are calculated at each institution for a student with an EFC equal to $5,000 and living in campus housing. The $5,000 EFC is chosen arbitrarily, but it is a level that is simple for purposes of illustration. This student is not eligible for a Pell grant but has a positive remaining need at every public senior institution. The remaining need, assuming the student receives no institutional or other gift aid, is simply the on-campus COA minus the student's EFC.

Table 13 shows real differences in the amount of State financial aid given to a student with an EFC of $5,000. Since the grant is deducted from tuition and fee charges and the student must pay the remainder, the percentage of tuition and fees covered by the grant is the more important figure. According to the institutions' planned award schedule for the 1998-99 academic year, the percentage of tuition and fees covered by the VGAP award ranged from 28 percent at Mary Washington to 100 percent at Longwood and Virginia Tech. The percentage of tuition and fees covered by the Commonwealth award ranged from 14 percent at Mary Washington to 80 percent at George Mason.

For students who are eligible for the Pell grant, the difference in the percentage of tuition and fees met by the VGAP award would decrease. Students who are barely eligible for the minimum Pell grant will have a remaining need very similar to students with an EFC of zero who receive the maximum Pell grant. This is because the table on which Pell grants are calculated ensures that the combination of EFC and Pell grant for each student will be about $3,000. Since the institutions are required to give a VGAP award of at least tuition to the neediest students, the only differences will result from the institution deciding to award the maximum tuition, fees, and book allowance or the minimum tuition. For students with higher EFC than $5,000, differences across institutions will increase, as some institutions may elect not to make awards of State financial aid below a certain level, and some may reduce their awards at a steeper rate than others.

Table 13 assumes the student would receive no other gift aid at any of the institutions. This may not be an accurate assumption in some cases, as several of the institutions have sizable endowments to offer institutional grants and scholarships.

Table 13

1998-99 VGAP and Commonwealth Awards for a Student with an Estimated Family Contribution of $5,000

			VGAP		Commonwealth	
Institution	Tuition and Fees	Remaining need*	Award	% of Tuition & Fees	Award	% of Tuition & Fees
Christopher Newport	$3,466	$ 6,000	$ 2,995	86%	$ 2,275	66%
George Mason	$4,300	$ 9,066	$ 4,275	99%	$ 3,325	77%
James Madison	$4,148	$ 6,314	$ 2,100	51%	$ 1,100	27%
Longwood	$4,416	$ 7,694	$ 4,416	100%	$ 3,533	80%
Mary Washington	$3,570	$ 7,130	$ 1,000	28%	$ 500	14%
Norfolk State	$3,000	$ 4,966	$ 1,300	43%	$ 1,000	33%
Old Dominion	$4,200	$ 7,450	$ 3,150	75%	$ 2,625	63%
Radford	$3,180	$ 5,172	$ 2,300	72%	$ 1,600	50%
UVA	$4,840	$ 6,860	$ 1,500	31%	$ 1,000	21%
UVA-Wise	$3,478	$ 5,217	$ 2,750	79%	$ 2,250	65%
VCU	$4,111	$ 9,286	$ 1,990	48%	$ 1,780	43%
VMI	$6,545	$ 7,525	$ 3,500	53%	$ 3,250	50%
Virginia Tech	$4,306	$ 10,212	$ 4,306	100%	$ 2,400	56%
Virginia State	$3,307	$ 4,767	$ 2,500	76%	$ 2,250	68%
William and Mary	$5,032	$ 6,438	$ 2,500	50%	$ 2,250	45%

* On-campus cost of attendance minus estimated family contribution of $5000

Source: JLARC staff analysis of 1998-99 SCHEV "S5 Report."

These other sources of aid are used to supplement VSFAP grants and fill part of the remaining need of the student body.

Rationales for Institutional Award Schedules

The institutions' rationales for the award schedules are based mainly on the student body that the institution serves and the amount of institutional and endowment aid available for additional grants. Institutions that do not have much endowment aid tend to use more uniformly proportional award schedules, since the State grant is the only gift aid they can offer and many institutions want to offer aid to as many students as possible. Conversely, institutions with significant endowment and other gift aid available can use this money to offer grants and scholarships to students with less need. These institutions tend to have higher remaining need cutoff points for VSFAP eligibility.

The selectivity of an institution also provides a rationale for why some institutions use different award schedules than others. Selective institutions, such as UVA, William and Mary, James Madison, and Mary Washington, may not need to provide as much grant incentive money to qualified applicants to get them to enroll. Coupled with the fact that selective institutions may also have more endowment and other gift aid available, selective institutions are able to concentrate VSFAP funds among the more needy students while still meeting their enrollment goals.

The institutions each have their own rationales for awarding State grants in a particular manner. Summaries of these rationales are listed for each institution in Appendix B.

VSFAP REGULATIONS AND SCHEV OVERSIGHT FUNCTIONS

The administration of Virginia's financial aid system is decentralized, but the institutions' procedures for allocating State-funded financial aid to students are subject to State regulations. Principally, these regulations are in place to ensure that VGAP and Commonwealth awards are distributed proportionately to the remaining need of students, and that VGAP-eligible students receive a VGAP award (which is larger than a Commonwealth award for the same level of need). Also, the regulations specify student eligibility for VGAP and Commonwealth awards. The *Code of Virginia* and the *Virginia Administrative Code* state that the State Council of Higher Education for Virginia (SCHEV) is the principal agency responsible for the oversight of the main need-based financial aid programs through the Virginia Student Financial Assistance Program. SCHEV's actual performance of this oversight function, however, historically has been weak.

The *Virginia Administrative Code* specifies the guidelines for the distribution of VGAP and Commonwealth awards (in *8 VAC 40-130*). Changes to these regulations have been proposed. Further, two data collection processes have been in place in recent years to address the issue of compliance with the regulations, but SCHEV needs to develop further its capacity to audit actual student financial aid awards. A preliminary review of actual awards conducted at the request of JLARC staff indicate that there may be problems in the implementation of the current system.

Proposed Changes to Regulations

A SCHEV financial aid advisory committee has proposed revisions to the VSFAP regulations in the *Virginia Administrative Code*. This committee is composed of institutional financial aid officials and members of the Virginia Association of Student Financial Aid Administrators (VASFAA). The substantive changes proposed by this committee include changing the definition of remaining need and easing some of the restrictions on VGAP eligibility. The advisory committee also proposes to change the definition of "dependent student" so that orphans and wards of the court become eligible for VGAP awards.

"Remaining need" is currently defined as "any positive difference between a student's financial need and the sum of all gift assistance." Because remaining need is the factor on which VSFAP awards are based, any change to this definition could have implications on student eligibility and award amounts. The Committee has proposed changing the definition to "any positive difference between a student's financial need and the sum of all need-based gift assistance." By considering only need-based gift assistance, any merit award that a student earned would not count against that student's eligibility for a VSFAP grant. The committee believes the current language penalizes the industrious student, as merit scholarships result in the student's need-based aid being reduced.

Other changes proposed by the Committee include changes to VGAP eligibility requirements. Currently, only dependent students are eligible for a VGAP award. Technically, this requirement excludes orphans and wards of the court from the VGAP program, in addition to other students that needed to become independent for some reason other than age. The Committee has proposed an exception for certain students to become eligible for the VGAP award. Students currently must also have a 2.5 GPA from a high school in Virginia to be VGAP-eligible. Problems arise when high schools do not compute student GPAs. The Committee has proposed an alternative certification method for students in these circumstances.

A final major change proposed by the Committee involves VGAP renewal requirements. Currently, students must have completed 24 credit hours during the fall and spring semesters to remain eligible for a VGAP award. If a student completes less than 24 hours after the spring semester, the student loses VGAP-eligibility, even if that student completed the remaining credit hours during the summer. The proposed change would allow students to complete their satisfactory academic progress requirements during the summer to maintain VGAP eligibility. The students would not get VGAP money for the summer courses.

The changes proposed by the Financial Aid Advisory Committee aim to promote access to higher education while not altering the intent of VSFAP. The changes also address improvements to equity in the system by including those students who may have inadvertently been left out of the program, and by rewarding those students who earned merit scholarships.

***Recommendation (1).* The State Council of Higher Education for Virginia should adopt the revisions to the *Virginia Administrative Code* pertaining to the Virginia Student Financial Assistance Program, as proposed by the Financial Aid Advisory Committee.**

SCHEV Oversight of Institutions' Implementation of Financial Aid

SCHEV has a clear responsibility to be overseeing how student financial aid dollars are spent. The *Virginia Administrative Code* (in *8 VAC 40-130-230*) specifies that SCHEV should be conducting program reviews:

> The council periodically will review institutional administrative practices to determine institutional compliance with prescribed guidelines and this chapter. If a review determines that an institution has failed to comply with guidelines and this chapter, the council may withhold approval of expenditure plans for the program until the end of the next General Assembly session. No attempt to determine compliance with the guidelines and this chapter should be solely based on information from either the student financial aid data file or the graduate financial assistance data file.

SCHEV's current process for reviewing how financial aid dollars are actually spent has historically been weak and undeveloped. There is no written record of such program reviews based on actual awards occurring. Even though the last line of the regulation quoted above prohibits use of the student financial aid data file as the *sole* basis for an audit of how aid dollars are spent, it does not prohibit its use as the first step in such an audit. Consequently, as a first step in conducting a program review, JLARC staff requested that SCHEV staff compare data from its student financial aid data file with award schedules, to identify those cases which may signal potential problems and may require follow-up auditing.

In recent years, SCHEV has had two main data collection processes for overseeing the institutions' implementation of State student financial aid programs. The first process is the "S5 Report," which details the institutions' plans for distributing VSFAP funds prior to the academic year, including award schedules and costs of attendance. The second is a student-specific Financial Aid Data File, which contains information on all students applying for financial aid, including the students' remaining need and the dollar amounts of each type of aid the students received.

The first step of this preliminary comparison revealed two potential problems with the current system. One finding is that in general, the institutions appeared to be varying from their own award schedules (specified in their "S5 Reports") in 61 to 65 percent of the cases in which awards were made. Another key finding of the review is that almost half of the students who are eligible for VGAP or Commonwealth Awards actually receive nothing from these programs. Better auditing and oversight by SCHEV of the institutions' implementation of State financial aid programs may help remedy these potential problems.

Variation from Award Schedules. JLARC staff requested that SCHEV staff compare institutions' award schedules specified in the "S5 Reports" with the actual awards students received, according to the Financial Aid Data File. This comparison would provide a first step in identifying which cases may warrant additional review. Institutions submit the "S5 Report" to SCHEV in the spring (usually March). It details the proposed award schedules, costs of attendance, and their methodology for ensuring that VGAP students are identified and are receiving larger awards than their counterparts receiving Commonwealth awards for the same level of remaining need. SCHEV reviews each report and either approves them or suggests revisions. The institutions usually receive approval of their plans in July, well after most of the VSFAP funds have been committed for distribution.

The timing of the submission and approval of "S5 Reports" has caused some concern among institutional financial aid administrators. At the time the "S5 Reports" are submitted to SCHEV, the institutions are not fully aware of the remaining need of their student bodies. Many students have not yet accepted the admissions offer from an institution, and the institution does not know how many returning students will be eligible for awards the following year. One financial aid administrator described the award schedule on the "S5 Report" as a "shot in the dark." In interviews with JLARC staff, almost all financial aid directors stated or acknowledged that the "S5 Report" is merely their best guess at the time of submission. The late approval of the report from SCHEV is ineffectual, they contend, as this will not have much bearing on how aid will be distributed for the coming academic year.

Using information on the Financial Aid Data File, JLARC staff asked SCHEV to produce a report showing the numbers of full-time students who did not receive a VGAP or Commonwealth award equal to the award specified in the institutions' "S5 Reports." The Financial Aid Data File is based on student-specific information the institutions submit to SCHEV following each academic year. The comparison was based on the 1997-98 SCHEV Financial Aid Data File and 1997-98 "S5 Reports."

The report generated by SCHEV showed that only 39 percent of VGAP award recipients and 35 percent of Commonwealth award recipients received an award within $100 of the award indicated on the "S5 Report." One-third of VGAP award recipients and more than one-half of Commonwealth award recipients received an award smaller than the amount indicated on the "S5 Report" (33 percent and 53 percent, respectively). Twenty-eight percent of VGAP recipients and 12 percent of Commonwealth recipients received an award larger than the amount indicated on the "S5 Report." The results by each institution are shown in Table 14. These results may indicate a potential problem if institutions are deviating from their award schedules in an unsystematic manner.

Assuming the results of this preliminary comparison are accurate, there are several possible legitimate reasons why students may have received awards less than or greater than the award indicated in the institutions' plans. The award schedule plans are made prior to the institutions' full knowledge of the remaining need of their student bodies. The institutions may also have addressed students' remaining need with endowment funds, rather than State funds. In addition, the institutions are allowed to use professional judgment to adjust the estimated cost of attendance for different types of students. Some other State grants such as CSAP, Virginia Transfer Grant, and Last Dollar (which are described in Appendix C), were subtracted from students' remaining need in the analysis, which may also explain why so many students received smaller grants than indicated. Further, if a large number of students applied for financial aid after the deadline for priority consideration, each institution may have already committed much of its VSFAP funding to the students who have met the deadline, so that it would not have as much funding left to meet the remaining need of the students filing late applications.

Table 14

Comparison of Actual Awards to Award Schedules (1997-98)

Institution	VGAP			Commonwealth		
	# Higher than specified	# Lower than specified	# Equal to specified +/- $100	# Higher than specified	# Lower than specified	# Equal to specified +/- $100
Christopher Newport	0	6	116	17	414	16
George Mason	192	62	32	482	377	130
James Madison	236	27	301	82	90	516
Longwood	246	260	79	58	149	11
Mary Washington	85	4	17	16	10	87
Norfolk State	67	56	112	97	499	573
Old Dominion	269	63	225	236	420	293
Radford	13	105	160	254	306	314
UVA	82	12	299	98	2	213
UVA-Wise	5	83	58	7	129	56
VCU	229	747	217	125	189	1,685
VMI	13	19	13	8	51	2
Virginia State	42	68	74	70	323	256
Virginia Tech	17	194	391	67	2,268	307
William and Mary	186	78	47	87	61	24
Richard Bland	1	2	18	2	24	61
VCCS	95	285	265	285	3,492	1,169
TOTAL	1,778 (28%)	2,071 (33%)	2,424 (39%)	1,991 (12%)	8,804 (53%)	5,713 (35%)

Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Because of the problems with the timing of the approval process of award schedules in the "S5 Reports," institutions no longer are required to include an award schedule on the "S5 Report" beginning with the 1999-2000 academic year. The institutions still must submit a plan for allocating aid proportionately to eligible students. The plan may be in the form of a table or formula. The *Virginia Administrative Code* does not require a specific proportionate award schedule, but it does require institutions to submit their initial plans to SCHEV. Public knowledge of the institutions' plans for distributing VSFAP funds would enable students and their families to better plan for financing college expenses. Information on application deadlines could also assist students in making timely applications for aid. This knowledge will also help students and their families when applying for admission and deciding on the best college for enrollment.

In the absence of award schedules in "S5 Reports," SCHEV should have a more fully developed auditing function, to make sure that requirements in the *Virginia Administrative Code* are being followed (such as the requirement that students with the most remaining need are receiving proportionately more financial aid). At this point, SCHEV's capacity for performing such an audit is limited and undeveloped. A more fully developed financial aid auditing capacity at SCHEV could check for inconsistencies between the awarding of financial aid by each institution and the requirements of the *Administrative Code*, and when inconsistencies are found, follow up with the institution on a case-by-case basis. This follow-up process would entail determining for each case the reason for the award to appear to be inconsistent with the *Administrative Code*, and, if necessary, how to bring the institution's process into compliance with the *Administrative Code*.

Recommendation (2). **The State Council of Higher Education should make the institutions' plans and deadlines for allocating Virginia Student Financial Assistance Program funds to students readily available to the public through agency publications and its internet presence.**

Recommendation (3). **The State Council of Higher Education for Virginia should conduct periodic program reviews of student financial aid as specified in the *Virginia Administrative Code*, to ensure compliance with the guidelines in the *Virginia Administrative Code* and the Appropriation Act. The Council and the institutions should develop a process for auditing the Virginia Student Financial Assistance Program annually. The first step of this audit process should compare information in the Financial Aid Data File with the institutions' plans for awarding grants, to identify cases warranting further follow-up. The second step should be to audit further those cases which appear to have awards substantially above or below the planned levels, and to determine the reasons why each case may differ from the institution's plan. These follow-up audits should be performed annually and on-site, perhaps on a rotating basis.**

Almost Half of Eligible Students Receive No Award. Another finding from the first step of the preliminary review is that almost one-half (47 percent) of all eligible students did not receive either VSFAP award. The results for each institution are shown in Table 15. At this point, underlying reasons for this finding can only be hypothesized. For example, these students may not have received an award because they applied late and the institution had no money left to give them. But because this comparison is preliminary, more analysis still needs to be done in order to understand better what the data may indicate are the reasons behind this finding. Nevertheless, if this finding is accurate, then it may indicate problems in the current system in terms of access and equity, which are defined and discussed further in Chapter III.

Because SCHEV has not done a program review of actual awards like this one before, these findings should still be considered tentative. Flaws in the data and the analysis may still exist. For example, the data do not fully reflect the timing of key components in the Financial Aid Data File, which may result in inaccurate calculations

Table 15

Eligible Students Not Receiving VGAP or Commonwealth Award (1997-98)

Institution	Total # of eligible students	# of eligible students receiving no award	% of all eligible students receiving no award
Christopher Newport	1,416	847	59.8%
George Mason	2,969	1,817	61.2%
James Madison	1,724	513	29.8%
Longwood	771	147	19.1%
Mary Washington	435	221	50.8%
Norfolk State	2,686	1,290	48.0%
Old Dominion	4,141	2,636	63.7%
Radford	2,485	1,597	64.3%
UVA	873	294	33.7%
UVA-Wise	649	312	48.1%
VCU	5,153	1,983	38.5%
VMI	250	145	58.0%
Virginia State	1,379	563	40.8%
Virginia Tech	5,885	2,641	44.9%
William and Mary	774	334	43.2%
Richard Bland	153	45	29.4%
VCCS	9,555	4,036	42.2%
Total	41,298	19,421	47.0%

Source: SCHEV 1997-98 Financial Aid Data File and "SS Report."

of remaining need of students whose financial situations may be changing over the course of the year. Nevertheless, currently there is no better source of information available for analysis than the Financial Aid Data File. Consequently, findings from this data set provide the best indicators currently available regarding how student financial aid is actually spent.

Further, more analysis of the data is needed to identify better the nature of potential problems in the system. For example, the data should be analyzed further to determine the characteristics of students who are receiving VGAP and Commonwealth Awards versus eligible students who are not, such as:

- class standing (freshmen, sophomore, junior, senior);
- remaining need (for example, to determine whether students with higher levels of remaining need are receiving State financial aid, when those with lower levels are not);

- when applications for financial aid were filed;

- whether the student's eligibility status changes over the year (for example, due to dropping classes or changes in family income);

- when grants, scholarships, loans and other aid were awarded; and

- any other factors that may affect awarding of student aid, such as first-degree seekers or grade point average.

In addition, SCHEV staff should analyze Financial Aid Data Files from previous years to determine how far back in time this potential problem may have existed.

SCHEV staff should also meet with institutional financial aid administrators to determine the potential sources of the problem, and to identify possible solutions. Among the potential sources, and possible solutions, are:

- *Better Communication Needs.* Many students may not understand the importance of filing their applications by the priority deadlines. This situation could be addressed through better outreach, although financial aid administrators at some institutions have told JLARC staff that they already have extensive efforts to "get the word out." Further, eligible students who do not receive VGAP or Commonwealth Awards may not know why they are not getting the aid. Better notification processes, either by the institutions or by SCHEV as a part of the auditing process, may help alleviate this potential source of the problem.

- *Funding Limitations.* Part of the problem may also be the fact that institutions run out of money for VGAP and Commonwealth Awards before the needs of all eligible students can be met. Action which could help reduce this problem could entail the institutions reporting to SCHEV how many eligible students receive no awards, or awards substantially lower than the amounts in planned award schedules, and SCHEV reporting this information to the General Assembly.

A more active oversight function on the part of SCHEV regarding student financial aid would provide the State with the knowledge that financial aid money is being spent as intended by the General Assembly, notify the State in a more timely manner about problems with student financial aid in Virginia, and provide a basis for finding solutions to these problems.

Recommendation (4). **The State Council of Higher Education for Virginia staff should consult with the financial aid administrators at Virginia's public institutions: (a) to determine the possible reasons why almost half of all eligible students do not receive VGAP or Commonwealth Awards, (b) to identify possible solutions, and (c) to develop a plan for implementing and monitoring these solutions.**

Recommendation (5). **The State Council of Higher Education for Virginia staff should analyze the Financial Aid Data Files to determine the characteristics of eligible students who are receiving State aid and those who are not. The Council should revisit its estimation of remaining need and calculate the cost of providing need-based financial aid to all identified students who did not receive the full amount of State aid for which they were eligible, and report this estimate annually to the General Assembly.**

III. Assessment of Alternatives for Need-Based Financial Aid

The potential problems with Virginia's current student financial aid system that were identified from the State Council of Higher Education for Virginia (SCHEV) staff's preliminary review may be remedied in part through better oversight by SCHEV. However, the mandate for this study also requires that options for more fundamental changes to the State system be considered.

The relative advantages and disadvantages of different options for a need-based financial aid system depend on the State's objectives and priorities. Up to this point, the State has not clearly articulated these objectives. Therefore, a discussion of possible goals and objectives of a State system of need-based financial aid is first presented as a framework for assessing available alternatives. Then the advantages and disadvantages of three categories of alternatives are presented in terms of the various possible goals and objectives.

FRAMEWORK FOR ASSESSMENT: GOALS AND OBJECTIVES FOR A STATE NEED-BASED FINANCIAL AID SYSTEM

JLARC staff interviews with financial aid administrators at Virginia's higher education institutions confirmed that there is relatively little explicit guidance in the *Code of Virginia* or the *Virginia Administrative Code* regarding exactly what are the State's goals for its need-based financial aid program. Consequently, JLARC staff first examined the goals stated in the study mandate, and then derived a working set of possible goals from reviewing the literature and interviewing financial aid officials.

Goals for Need-Based Financial Aid that Are Stated in Study Mandate

The study mandate language itself refers to three goals or objectives for a State need-based financial aid program: (1) simplicity (that is, how easy the program is for students and parents to understand); (2) equity and "fairness" for students and parents; and (3) being "complementary to the Commonwealth's tuition policy." However, these three goals alone would not be sufficient for assessing the available alternatives for a financial aid system. The first goal (making the financial aid system simple and easy for students and parents to understand) cannot be substantially met by any of the options available to the State. The third goal (being complementary to the State's tuition policy) can be met by all of the options. And the middle goal (equity and fairness for students and parents) alone may not capture all of the key attributes that may be desired for a financial aid system.

The State Alone Cannot Create a Simple Student Financial Aid System. As long as federal and institutional funds play a dominant role in need-based financial aid, the system cannot be simple. Federal and institutional funds make up the vast majority of student financial aid. For example, in Fiscal Year 1998, federal funds comprised approximately $357 million, or 78 percent of all funding for student financial aid across all institutions (as shown in Figure 1 in Chapter III). Likewise, institutional funds comprised $27.7 million, or six percent; and private or local government sources contributed $14.4 million, or three percent. State funding (including VGAP, Commonwealth Awards, and all other State sources) amounted to $58 million, or 13 percent of total student financial aid for in-state undergraduates.

Federal regulations governing the federal portion of student financial aid are not simple. The regulations themselves are voluminous, comprising hundreds of pages. Further, key components of federal student financial aid that have been presented to the public in as simple a format as possible are still inherently complicated. For example, Pell grants rely heavily on tables or formulas for determining how much money an eligible student would be awarded. Like Internal Revenue Service tax tables, when taken as a given and the appropriate table is used, then the process may seem relatively simple. But when trying to determine which table is appropriate and how it is derived, then the process is inherently more complex. The federal regulations specify five different formulas for calculating Pell grants, and the institution chooses which one to use, depending on the type of program. In addition, each institution defines full-time enrollment status (a key component in the formulas), and the institution determines the Cost of Attendance (another key component in the formulas, which depends on institution-specific charges such as tuition and fees). Consequently, from a statewide perspective, the tables for calculating Pell grants can vary somewhat across all institutions across the State.

Institutional aid also varies even more widely from institution to institution. As shown in Appendix B, some institutions (such as the University of Virginia, the College of William and Mary, and Virginia Military Institute) have relatively large amounts of institutional money for student financial aid (including money from endowments), while other institutions (such as Christopher Newport University and the Virginia Community College System) have relatively little. Further, the separate funds contributing toward need-based student financial aid vary in number and specific requirements from one institution to another. For example, the financial aid director at the College of William and Mary said that the institution has over 200 endowment funds which can be used to contribute toward need-based financial aid, but that many of them have specific geographic requirements (such as the student being from a specific locality in Virginia). From a statewide perspective, the number and variety of sources of institutional financial aid, varying by specific institution, also make the student financial aid system inherently complex.

While the State cannot reduce the complexity of federal aid regulations, and chooses not to control institutional financial aid (especially aid coming from endowments), it can add to the complexity with its own additional requirements and regulations for State-funded aid. An example cited by many institutional financial aid directors was the Council of Higher Education's recent push for having State standards for academic progress, in addition to the standards that are already in federal regulations.

(Standards for academic progress are used, in part, when determining whether students remain eligible to continue receiving need-based financial aid from one year to the next.) From the financial aid directors' perspective, the State standards would have imposed additional requirements that are unnecessary and would add to the complexity of the system, given that the institutions are already required to adhere to the federal standards. Using the federal standards alone, they contend, is sufficiently rigorous from a statewide perspective, and yet keep the system less redundant and complicated.

In conclusion, although the State cannot maximize simplicity in the total student financial aid system (because only 13 percent of financial aid money is State-funded), it can marginally minimize the complexity that it adds to the system.

Any Financial Aid Program Based on "Remaining Need" Takes Commonwealth's Tuition Policy into Account. All options considered in this report use the current definition of "Remaining Need" as the basis for determining award amounts. As stated in previous chapters, "Remaining Need" is defined as:

"Cost of Attendance"
minus "Estimated Family Contribution"
minus "Pell Grant"
minus "Other Gift Aid."

It should be noted that a major component of the Cost of Attendance is tuition and fees. Therefore, any State policy that affects tuition (such as a freeze, reduction, or targeted student cost share) is automatically factored into the Cost of Attendance calculation, which in turn affects the Remaining Need estimate. Consequently, none of the options considered are any more or less "complementary to the Commonwealth's tuition policy" than the others. All options considered in this analysis address the distribution of student financial aid, not the determination of the appropriate State funding levels for financial aid.

Possible Goals Identified by JLARC Staff

Through reviewing the literature and interviewing financial aid administrators in Virginia and in other states, JLARC staff identified six potential goals for the State in developing a student need-based financial aid system. These six potential goals are: (1) access to higher education; (2) equity; (3) institutional flexibility; (4) attracting quality students to the institution; (5) efficiency; and (6) minimizing complexity. Definitions and levels of priority to be associated with these goals provide a framework for assessing available alternative policies and administrative structures for carrying out financial aid programs in Virginia.

Access to Higher Education. This goal can be defined as: providing every admitted student the opportunity to attend the public institution in Virginia of his or her choice, regardless of the student's economic background. Another way of stating this goal is: to prevent the cost of attending from being an impediment that prevents the admitted student from attending the Virginia public college or university of his or her choice. Financial aid administrators interviewed by JLARC staff were generally in agreement that this goal should be of the highest priority in a State student financial aid system.

The details of carrying out this goal take the form of the maximum award amount and the award schedule, and can result in questions such as:

- How much unmet remaining need is too much, such that it constitutes a barrier to access?
- How much of the cost of an undergraduate education should the student be expected to bear (such as in the form of loans)?
- Is it better to concentrate financial aid funds more heavily on the most needy students, or should it be distributed across students from a wider range of income levels?

Answers to these questions can affect not only the goal of access, but the goal of equity as well.

Equity. There are several possible ways to define equity, although all definitions include the principles of vertical and horizontal equity. A fundamental assumption of any need-based financial aid program is the principle of vertical equity: that the least advantaged individuals should receive the greatest benefit from the program, and those with greater ability to pay are expected to pay more. The principle of horizontal equity – that like individuals should be treated equally – has different ways of being operationalized. "Like" individuals could be defined as individuals attending the same institution. Referring to this definition as "within-institution equity," all financial aid administrators interviewed by JLARC staff agreed that this specific goal is essential.

However, opinions were mixed regarding how important "across-institution equity" should be (defined as individuals from like economic circumstances attending different public institutions being treated equally). Some financial aid administrators said this goal was very important; others said that it was not realistic and should not receive a high priority, given the institutions' different missions and student populations served. One variation of "across-institution equity" would define it in terms of State student financial aid alone. This definition appears to have been used in the Joint Subcommittee on Higher Education Funding Policy report from November, 1998. Some financial aid administrators have argued, however, that focusing on State aid is only examining part of the picture. Therefore, they argue, "across-institution equity" should be defined in terms of the total financial aid package (which would also include federal aid and institutional funds), because the sources of the aid do not really matter to the student nearly as much as the total dollar amount does.

Therefore, the State has some choices in how it may want to define "across-institution equity," and the level of priority it may wish to assign to that goal.

Institutional Flexibility. Virginia institutions historically have had the flexibility to diversify in meeting the needs of different student populations. There is a great deal of variation in the missions among the public institutions in Virginia. This diversity has the advantage of expanding the range of opportunities available to Virginians, and provides access to higher education to diverse populations.

Public higher education in Virginia includes nationally recognized residential universities, urban commuter universities, small liberal arts colleges, land grant universities, historically black universities, a military college, several regional colleges and universities, the community college system, and a junior college. These institutions each face separate challenges in recruiting and serving different populations of students. Financial aid can be an important tool in meeting those challenges. To promote the goal of institutional flexibility, then, the State's financial aid policy should minimize restrictions that would inhibit institutions from diversifying and tailoring financial aid packages to the different student populations they may be serving.

In interviews with JLARC staff, financial aid administrators generally said that the goal of institutional flexibility should get high priority, in order for them to best serve the students at their institutions who are eligible for need-based financial aid. Prior to 1992, the institutions had more discretion to make need-based grants as they wished for the general fund appropriations made by the General Assembly. Since 1992, however, the State appears to have reduced somewhat its emphasis on this goal. With the advent of VGAP, the State financial aid program became less discretionary and more oriented towards a statewide policy, including requirements for award schedules, making need the main driving factor in financial aid, and separating undergraduate from graduate financial aid. It appears that the State made these changes primarily to promote "across-institution equity," while putting some restrictions on institutional flexibility. As a result, there is an inherent tradeoff between the goals of "across-institution equity" and institutional flexibility at times, depending on the levels of priority assigned to each goal.

Attracting Quality Students to the Institution. Preserving or improving the overall quality of public colleges and universities has been an important goal to the State. Along with admissions standards, quality of the faculty, student-faculty ratio, and academic rigor, financial aid policy can have an effect on the quality of students attracted to an institution, particularly as it competes with its peer institutions in recruiting.

Financial aid administrators across the public institutions in Virginia had mixed opinions on how important this goal should be in a State system of student financial aid. Some said that this goal was very important because the financial aid package served as an important recruiting tool. Others (generally at institutions with more competition among undergraduate applicants to get in) said financial aid should not be a factor at all in this regard, because the admissions process was determined independently of the financial need of the student. These institutions claimed to admit students on a "need-blind" basis.

Overall, this goal appears to be important at some institutions and not at others, depending in part on what student population is being served and the nature of the institution's competition with its peers for students. Therefore, in the context of financial aid policy, this goal may make more sense as an *institutional* goal in some cases, but not as much as a *statewide* goal.

Efficiency. The goal of efficiency can be defined in different ways. One way is in terms of minimizing administrative burden. Another way is in terms of maximizing the benefits of limited financial aid dollars by targeting them to students who are more likely to graduate.

Financial aid administrators generally said that minimizing administrative burden is an important goal as far as they are personally concerned, but that the goals of access and institutional equity should have higher priority. However, they also said that there were ways in which administrative burden could be reduced without adversely affecting access and institutional equity. Minimizing administrative burden is one goal that is important if it does not reduce access and institutional equity.

Most financial aid administrators also told JLARC staff that the financial aid offices should not be in the business of trying to second-guess which students are more likely to "succeed," beyond what is already done by other offices at the institution. Institutions already have standards for admission and satisfactory academic progress, which are taken into account in determining a student's eligibility for granting or renewing financial aid. Some financial aid administrators also questioned whether graduation was the best way to measure "success," because students may be benefiting from taking classes even if a degree is not their objective. Targeting need-based financial aid dollars more to students who are more likely to "succeed" may also conflict with the highest priority goal of need-based financial aid: access to higher education.

Minimizing Complexity. An important objective is for students and their families to be able to understand the financial aid system well enough that they can have a reasonable expectation of how much aid they may receive from an institution, and the type of aid (whether in the form of grants, loans, or work-study). Like the goal of administrative burden, attaining this goal seems desirable if it does not reduce the higher-priority goals of access and institutional equity. However, if it conflicts with these other goals, promoting access and institutional equity seem to be more important. Further, simplifying State financial aid still may not make the financial aid system seem very understandable to students and their families, given the rules and regulations for federal financial aid and the various sources of institutional need-based financial aid that would still comprise substantial portions of financial aid packages. Therefore, this goal should be assigned medium or secondary priority.

ASSESSMENT OF ALTERNATIVES

The possible goals derived by JLARC staff provide a framework for assessing the advantages and disadvantages of alternative policies and structures for a statewide system of need-based financial aid, using Virginia's current system as a baseline for comparison. Virginia's current system is decentralized, with some State oversight conducted by the State Council for Higher Education in Virginia (SCHEV). In this analysis, it is assumed that the policy options would be implemented as expected by policy makers, with appropriate oversight of the implementation. Three categories of alternatives for changing the system were identified, based on practices observed in other states: (1) a more uniform award schedule; (2) more uniform eligibility criteria; and (3) a more centralized administrative structure.

Award Schedule

The fundamental choice for awarding State financial aid is between: (1) having the institutions determine their own award schedules, and (2) having a uniform, statewide award schedule which institutions are required to use.

Under the current system, the institutions determine their own award schedules, although SCHEV is supposed to provide oversight to make sure that State requirements are followed. In particular, SCHEV is expected to review the schedules to ensure that the neediest students receive the most aid, that need is the primary factor in awarding financial aid, and that State aid allocations to the institutions are not transferred from undergraduates to graduates.

An alternative for changing the current system would be to require all institutions to use the same award schedule and the same maximum award as a proportion of the cost of attendance. In this situation, the maximum award could be set at some percentage of the cost of attendance for the neediest students (such as 50 percent or 75 percent), although VGAP awards for the neediest student are also required to range from a minimum amount that equals tuition to a maximum that equals tuition and fees plus a book allowance. A sliding scale would be set for all institutions in awarding a grant based on the remaining need of the student. The Director of Financial Aid at Virginia Tech has developed an example of a proposed statewide standardized schedule for awarding VGAP and Commonwealth Awards.

The advantages and disadvantages of each approach for award schedules are summarized in Table 16.

Access. Both the current and the alternative approaches to award schedules (if implemented as expected by policy makers) have an advantage in terms of the goal of access. Each approach provides a structure for ensuring that State aid (in addition to Pell grants) serves to help systematically reduce remaining need as a financial bar-

Table 16

Advantages and Disadvantages of Alternatives for Award Schedules

Key: ↑ Advantage ↓ Disadvantage

Goal	Current Policy: Institutional Award Schedules	Option: Uniform Award Schedule
1. Access	↑ Systematically reduce remaining need	↑ Systematically reduce remaining need
2. Equity		
-- Within-institution	↑ Level playing field	↑ Level playing field
-- Across-institution, State aid only	↓ Students with same remaining need may get different amounts of State aid at different institutions	↑ Students with same remaining need would get same State aid
-- Across-institution, total aid	↑ Can take institutional need-based aid available into account	↓ Ignores institutional need-based aid available ↓ Uniformity could be undermined by manipulating remaining need calculations
3. Institutional flexibility	↑ Allows institutions flexibility to achieve their missions	↓ Not as adaptable to unique or changing conditions at institution level
4. Attracting quality students	↑ Flexibility to attract desirable types of students	↓ Not as much flexibility in packaging financial aid
5. Efficiency	↑ Not disrupting administrative processes, institutional budgets or enrollment yields ↓ May be cumbersome for institution to determine own award schedule	↓ Administrative adjustment costs ↓ Institution having to adjust total awards around numbers generated in Richmond
6. Minimizing complexity	↓ From statewide perspective, variations by institution makes financial aid system more complex	↑ Easier for parents and students to understand ↓ From institutions' perspective, makes total financial aid packaging more complex with additional constraints and requirements

Source: JLARC staff analysis

rier to higher education. Assuming both approaches are implemented with appropriate oversight, one approach would not inherently promote access more than the other. But if one award schedule has substantially different amounts of aid going to certain groups of students than another, then there may be differences in the degree to which access is promoted. Further, if either approach is not implemented as originally intended by policy makers (such as allowing institutions not to adhere to the intended award schedule, or failing to distribute aid to eligible students), then access may be reduced.

Equity. The relative advantages and disadvantages of each approach vary with how equity is defined. In terms of within-institution equity, both approaches have the advantage of applying the same set of rules to all students at the same institution, thereby creating a level playing field among students at the institution. Such consistent application of the rules within the institution would help meet both vertical and horizontal equity. Again, if either approach is not implemented as originally intended by policy makers (such as allowing institutions not to adhere to the intended award schedule, or failing to distribute aid to eligible students), then within-institution equity may be reduced by this failure in implementation.

In terms of across-institution equity, the differences between the two approaches are more striking. The most apparent weakness of the current, institutionally-determined award schedule is that students with the same remaining need may be receiving different awards in State aid at different institutions, which would seem to violate horizontal equity. Likewise, the biggest advantage of a uniform statewide award schedule can be seen when across-equity is defined in terms of State aid alone: students with the same remaining need would get the same amount of State financial aid, regardless of the institution attended.

However, this apparent advantage of a uniform award schedule could be a disadvantage if across-institution equity is defined in terms of total aid, rather than State aid alone. A uniform award schedule for State aid would ignore the differences between institutions in terms of institutional need-based aid available, especially funding coming from endowments. As a result, students at different institutions with equal remaining need may receive equal amounts of State aid, but unequal amounts of institutional aid.

Another possible disadvantage with both approaches, but especially with the uniform award schedule, would occur if institutions could still use different methods to calculate the cost of attendance (and thereby manipulate the remaining need calculations). Consequently, any apparent uniformity across institutions in the award schedule could be undermined if institutions are calculating remaining need differently, which could reduce across-institution equity.

Institutional Flexibility. An advantage of allowing institutions to determine their award schedules is that this approach allows institutions additional flexibility to achieve their missions. The different institutions serve different missions and different student populations. This approach allows the award schedule to be tailored to address the needs of certain types of students that may be identified at a particular institution, which may not be so readily identified on a statewide level.

In contrast, a statewide uniform award schedule has the disadvantage of not being as readily adaptable to unique or changing conditions that are experienced on the institutional level. In particular, the institutions have varying distributions of students with remaining need. Some institutions have larger proportions of students coming from economically needy backgrounds than others. A uniform award schedule may not be able to take this condition adequately into account.

Attracting Quality Students. The different institutions may be drawing from different applicant pools and have their own sets of competing institutions. This situation places different challenges to each institution in attracting desirable students. Allowing each institution to determine its own award schedule has the advantage of allowing it the flexibility to package its financial aid in a way to attract certain desirable types of students who are not in the neediest category, such as by offering more grant aid rather than loans. Conversely, a disadvantage of a uniform award schedule is that it would not allow institutions as much flexibility in packaging financial aid as a means for attracting desirable types of students.

Efficiency. When efficiency is defined in terms of targeting financial aid to students who are most likely to "succeed," neither the current or the alternative approach for award schedules seem to address this goal. However, when efficiency is defined in terms of minimizing administrative burden, then the two approaches have different sets of advantages and disadvantages.

The current approach has the advantage of not disrupting administrative processes, institutional budgets or enrollment yields. On the other hand, there may be an administrative adjustment cost to changing to a uniform award schedule, along with unintended consequences. At all institutions, computer programs for calculating awards would have to be changed to take a different award schedule into account. Further, it could take several years for institutions to adjust their admissions and tuition policies to meet the change in enrollment yields resulting from changes in the award schedule.

A relative disadvantage of the current approach may be that each institution may find it cumbersome to determine its own award schedule periodically, rather than having it determined by a central office in Richmond. But a potential disadvantage of a uniform award schedule is that each year the institution may have to adjust its awards more around the numbers that are generated by the central office in Richmond, which may be more difficult.

Minimize Complexity. Financial aid administrators in Virginia have told JLARC staff that, compared to the days of "discretionary aid" before 1992, the current VGAP and Commonwealth Award requirements add complexity to the financial aid system. From a statewide perspective, however, having the financial aid system varying completely by institution (with no State oversight) may have been more, not less, complex. In contrast, having a uniform award schedule that is in effect no matter which institution is attended may have the advantage of making State financial aid easier for parents and students to understand, and it may be simpler to administer if institutions find the uniform award schedule matches closely what they would award on their own. However, from the institutions' perspective, a uniform award schedule may have the disadvantage of making total financial aid packaging more complex if it does not match what they would award on their own, because it would be imposing a new set of additional constraints and requirements for distributing State money, which may make the distribution of institutional aid more difficult.

Eligibility Criteria

Under the current system, institutions determine the cost of attendance, which affects a key eligibility criterion for need-based financial aid: remaining need. Further, some institutions currently assume a minimum student contribution, when others do not.

An alternative option is to require all institutions to use the same criteria for calculating the cost of attendance and minimum student contribution. For example, the institutions may be required to calculate the cost of attendance by using the tuition and fees that are set by their Boards of Visitors, and to use statewide standardized amounts for books and supplies, room and board, personal expenses, and transportation costs. Another variation of this alternative would be to use the same methodologies for deriving costs of books and supplies, room and board, personal expenses, and transportation (rather than requiring the exact same amounts).

Table 17 summarizes the advantages and disadvantages of each approach for eligibility criteria.

Access. The alternative of making the eligibility criteria more uniform has two possible disadvantages that can affect access to higher education. One is that higher costs that are unique to certain institutions (such as higher housing costs in Northern Virginia, or costs of commuting) may not be recognized. Consequently some students at these institutions may be facing greater financial barriers to higher education without State aid taking them into account.

Another disadvantage is that having a uniform expected student contribution may reduce access for needier students. Some institutions have relatively higher proportions of students coming from families with lower incomes. Students on average at these institutions may find a statewide expected student contribution more difficult to meet, so that it is a bigger financial barrier to higher education, compared to students at other institutions.

Conversely, an advantage of having institutions determine the cost of attendance and assuming their own minimum student contribution (if any) is that it can more readily take into account unique costs and students' income levels. In this way, these unique conditions may be avoided as barriers to access to attending college.

Table 17

Advantages and Disadvantages of Alternatives for Eligibility Criteria

Key: ↑ Advantage ↓ Disadvantage

Goal	Current Policy: Institutional Eligibility Criteria	Option: Uniform Eligibility Criteria
1. Access	↑ Costs unique to institution and income levels of students more readily taken into account	↓ Higher costs unique to institution may not be recognized ↓ Uniform expected student contribution may reduce access for needier students
2. Equity		
-- Within-institution	↑ All students within same institution have same rules applied	↑ All students within same institution have same rules applied
-- Across-institution, State aid only	↓ Unequal expectations across institutions for student contributions may be unfair	↑ Methodology for determining remaining need same for all students ↓ May not recognize unique costs that are beyond students' control
-- Across-institution, total aid		
3. Institutional flexibility	↑ Provides more flexibility to tailor financial aid packaging to institutional goals or needs unique to particular student populations	
4. Attracting quality students	↑ Flexibility to compete with what other institutions may offer potential students	
5. Efficiency	↑ No disruption of operations	↑ Little disruption of operations ↓ More SCHEV oversight
6. Minimizing complexity	↓ More complex and difficult to understand	↑ Simpler to understand, from statewide perspective

Source: JLARC staff analysis.

Equity. In terms of within-institution equity, there would be little difference between the current policy and the alternative of making the eligibility criteria more uniform. An advantage of both policy alternatives is that all students within the same institution have the same rules applied for determining their costs, and are assumed to be making the same levels of contribution to their education.

The policy alternatives have different advantages and disadvantages, however, when it comes to across-institution equity. A disadvantage of the current policy is that having unequal expectations from one institution to another for student contributions may be inherently unfair. So the corresponding advantage of uniform eligibility criteria is that, after taking tuition and fees into account, the methodology for determining remaining need for each student would be the same, regardless of institution. A related disadvantage of the alternative requiring uniform eligibility criteria, however, is that they may not recognize unique costs that are beyond students' control, which could also violate the principle of horizontal equity.

Institutional Flexibility. Compared to making the eligibility criteria more uniform, the current policy provides more flexibility for the institution to tailor financial aid packaging to institutional goals or to meet needs that are unique to particular student populations. This advantage would be more important to institutions if a statewide uniform award schedule were to be required.

Attracting Quality Students. The current policy has the advantage of giving each institution more flexibility to craft a financial aid package that can compete with what other institutions may offer potential students.

Efficiency. In terms of minimizing administrative burden, the alternative of having uniform eligibility criteria has the advantage of creating little disruption to the financial aid operations at the institutions. Financial aid offices would continue to operate as they have been, with only slight adjustments being needed to accommodate different eligibility guidelines. A slight disadvantage is that SCHEV would have to do periodic reviews to assure compliance with statewide eligibility criteria. However, this function should not add substantially to the oversight role that should already be in place. The current policy has the advantage of no disruption to operations because there is no change to the system.

Neither option addresses the goal of targeting financial aid to students who are more likely to "succeed."

Minimize Complexity. The current policy has the disadvantage of having cost components and expected student contributions varying across institutions, which make the statewide financial aid system more complex and more difficult for students and parents to understand. Conversely, uniform eligibility criteria would help make the awarding of State aid simpler to understand, from a statewide perspective.

Administrative Structure

Under the current system, administration of student financial aid is delegated to the institutions' financial aid offices, rather than through a centralized financial aid office. An alternative approach is to administer financial aid statewide primarily through a centralized office. The institutions' financial aid offices would still play a role in administering the program, but the primary point of contact for students and parents would be through the central office.

Table 18 summarizes the advantages and disadvantages of having a decentralized versus a centralized structure.

Access. Whether the administrative structure is decentralized or centralized should not affect students' access to higher education, as long as the financial aid program is funded and administered properly either way.

However, access could be affected if, as students are deciding whether to enroll, some institutions run out of money for financial aid sooner than others. In that case, a more centralized administrative structure with more centralized funding may have an advantage compared to the institutions that run out of money sooner, although it may be a relative disadvantage compared to the institutions that do not run out of money as fast. Having a central office process State financial aid awards may promote portability, so that a student can take the financial aid award to any public institution in Virginia (including institutions that would otherwise run out of financial aid money sooner).

Equity. Having either option in place should not affect within-institution equity, as long as the financial aid program operates as it should either way. But having a centralized versus a decentralized administrative structure can have its advantages and disadvantages when considering across-institution equity.

Advantages of a centralized administrative structure can be articulated when across-institution equity is defined in terms of State aid alone. A centralized financial aid office may focus more on the needs of the student than on the needs of the institution. It can be seen as more objective and consistent in how it allocates State aid to students at various institutions, compared to a decentralized system of institutional financial aid offices. Again, another possible advantage is that a centralized process may promote portability of the award to any public institution in Virginia.

However, when addressing across-institutional equity in terms of total aid, including institutional aid, a central statewide financial aid office may have its disadvantages as well. A question arises concerning how institutional need-based aid (including funding from endowments) would be handled. This source of aid is larger at some institutions than at others, and can be quite substantial, as shown at institutions such as VMI, the College of William and Mary, and the University of Virginia. It does not seem appropriate for a State central financial aid office to be distributing institutional aid as well as State aid, particularly if the institutional aid comes from an en-

Table 18

Advantages and Disadvantages of Alternatives for Administrative Structure

Key: ↑ Advantage ↓ Disadvantage

Goal	Current Policy: Decentralized Administrative Structure	Option: Centralized Administrative Structure
1. Access		↑ Portability
2. Equity		
-- Within-institution		
-- Across-institution, State aid only		↑ May focus more on needs of student than on needs of institution ↑ More objective and consistent ↑ Portability
-- Across-institution, total aid		↓ Cannot handle institutional need-based aid
3. Institutional flexibility	↑ Better able to adapt financial aid packages to needs of specific students ↑ Can deal with special conditions of institutions	
4. Attracting quality students	↑ Institutional offices better able to pursue this goal	↓ Central office not positioned to pursue this goal
5. Efficiency	↑ Less administrative overhead is required	↑ May require students or parents to deal with only one State financial aid office ↓ Could require additional layer of administrative overhead
6. Minimizing complexity		↑ May make application process simpler for students and parents ↑ Students and parents may be better able to calculate State aid ↓ Different administrative layers would be handling different sources of aid

Source: JLARC staff analysis.

dowment to that specific institution. Yet if State aid is packaged at the central financial aid office and institutional aid is ignored, both vertical and horizontal equity among students across institutions may decrease, compared to the current system in which institutional offices may package aid from all sources at the same time.

Institutional Flexibility. There is a tradeoff between this goal and the goal of across-institutional equity (defined in terms of State aid alone). When considering this goal, the current decentralized administrative structure has clear advantages. The current structure allows institutions the flexibility to adapt the financial aid packages to the needs of the students, without having to change the entire statewide financial aid system. The institutional financial aid offices are closer to the students, once the students are enrolled. Institutional financial aid offices are also more flexible to deal with the special conditions of the institutions themselves, such as those that have larger amounts of institutional aid to be distributed.

Attracting Quality Students. Institutional financial aid offices have the advantage of being able to pursue this goal, among other institutional goals. Conversely, a central financial aid office would not be so well positioned to pursue this goal.

Efficiency. Each option has an advantage in terms of minimizing administrative burden. A potential advantage of the centralized office alternative is that it may require students or parents to deal with only one State financial aid office, rather than various institutional offices, when applying to college and for financial aid.

A potential disadvantage of the centralized structure is that it could require an additional layer of administrative overhead, because the institutions will still need to have financial aid offices to handle institutional aid and other matters (such as financial aid for out-of-state and graduate students). Conversely, an advantage of the current administrative structure is that relatively less administrative overhead is required: almost all of the administration is carried out by the institutional financial aid offices, with some coordination and oversight from the State central agency (SCHEV) which requires relatively fewer personnel.

Minimize Complexity. An advantage of having a centralized office is that it may make the application process for financial aid simpler for students and parents. They would have one office and one set of rules to deal with when applying for State financial aid, rather than having to go through multiple institutional financial aid offices. A related advantage is that students and parents may be better able to estimate for themselves how much State aid they can expect to receive, because they may be better able to understand the process for determining State aid.

A potential disadvantage with having a centralized structure is that it could make the financial aid packaging process more complex, because the State is not the only source of financial aid. Coordination between the central office and the institutional offices would be necessary but more difficult when determining the total financial aid package for each student, compared to the current system in which the institutional financial aid office packages financial aid from all sources. With a centralized administrative structure, different administrative layers would be handling different sources of aid. For example, the central office may be able to determine federal and State financial aid, but only the institutional financial aid offices would be able to determine how much institutional aid would be going to students. Therefore, the timing and coordination of determining financial aid from different sources, when at the same time trying to maintain equity, could be much trickier because of the greater organizational complexity.

CONCLUSIONS

A scorecard of the advantages and disadvantages of the current system versus the alternative options shows that the best policy choices depend on which goals are given the highest priority (Table 19). If the State wishes to give highest priority to the goal of promoting equity among institutions in terms of State financial aid alone, and to the goal of making State aid appear simpler for applicants to understand, then the options for a more uniform and centralized system have some clear advantages

Table 19

Scorecard for Advantages and Disadvantages of Current System Compared to More Uniform, Centralized System

Key: ↑ Advantage ↓ Disadvantage

Goal	Current System	Option: More Uniform and Centralized System
2. Equity		
-- Across-institution, State aid only	↓↓	↑↑↑↑↑ ↓
6. Minimizing complexity	↓↓	↑↑↑↑ ↓↓
1. Access	↑↑	↑↑ ↓↓
2. Equity		
-- Within-institution	↑↑	↑↑
-- Across-institution, total aid	↑	↓↓↓
3. Institutional flexibility	↑↑↑↑	↓
4. Attracting quality students	↑↑↑	↓↓
5. Efficiency	↑↑↑ ↓	↑↑ ↓↓↓↓

Source: JLARC staff analysis.

over the current system. But these options also have some clear disadvantages when other factors and goals are taken into consideration.

Institutional Aid

Institutional aid is a very large component of the total need-based financial aid packages students receive at many institutions (such as VMI or the College of William and Mary). At many other institutions (such as Christopher Newport University or George Mason University), there is very little institutional aid available for needy students. Unless the State wishes to centralize institutional aid as well (which appears to be highly unlikely), making eligibility criteria and award schedules for State aid alone more uniform may result in total aid being more inequitably distributed. Students from the same economic circumstances attending different institutions may get the same amount of aid from the State under uniform eligibility criteria and a uniform award schedule, but at the same time they may also be getting very different amounts of endowment aid from different institutions.

Tradeoffs and Levels of Priority Associated with Other Goals

There is an inherent tradeoff between the goal of across-institution equity and the goal of institutional flexibility. Historically, the State appears to have given the goal of institutional flexibility a very high level of priority, allowing the various institutions to have different missions and to serve different student populations. If the State wishes to continue giving institutional flexibility high priority as a goal, and to assign some importance to other goals (such as attracting quality students to the institutions and efficiency), then the advantages of the current decentralized system appear generally to outweigh the combination of advantages and disadvantages associated with a more uniform, centralized system.

Recommendation (6). **The General Assembly may wish to articulate its goals for the State need-based student financial aid program, indicate the level of priority to be given to each goal, and explicitly state how its policies may serve to accomplish these goals.**

Given the flexibility currently afforded institutions to serve different populations, institutional goals may vary even under a more well-articulated financial aid system. In order to inform the public and promote accountability, institutions should also articulate their goals for need-based student financial aid.

The goal of targeting financial aid to students more likely to "succeed" did not play a very large role in this chapter's assessment of the three types of alternatives for a need-based financial aid system. However, this goal would have a more central role in assessing merit scholarship programs, which are discussed in the next chapter.

IV. Merit and Incentive Scholarship Programs

Merit and incentive scholarships are alternative methods of providing aid to students. Students' family income or ability to pay are not factors in these awards. Merit scholarships are based on academic performance, while incentive scholarships are based on the field of study into which the student enters. These scholarship programs aim to meet states' goals that need-based financial aid programs may not address. Merit scholarships can have several objectives: to improve efficiency by targeting financial aid dollars to students most likely to graduate; to keep the best and brightest students in the state; and to reward and encourage high academic performance among high school students. Incentive scholarships aim to meet workforce demands by producing people with skills to work in occupations where a shortage exists.

This chapter discusses alternative methods of providing student financial aid in the form of merit and incentive scholarship programs. The use of merit and incentive scholarship programs in other states, as well as merit and incentive programs in place in Virginia, are reviewed. The advantages and disadvantages of these programs are examined along with their relationships to funding for need-based financial aid.

The applicability of these programs for Virginia is also analyzed. Overall, it was found that the clearest benefit of a merit scholarship program in Virginia is that it can help families with middle or upper levels of income pay for college expenses. Funds directed towards such a program could dilute funds available for need-based programs. The General Assembly may wish to defer action on a merit scholarship program until:

- the Commonwealth of Virginia's goals for need-based programs are better articulated and funded; and
- results and costs from other states' programs are better known.

Further, if the State wishes to offer incentive scholarships to increase the number of skilled workers in technological fields, it may wish to target:

- baccalaureate programs that provide basic learning skills that enable workers to adapt to changing technologies; and
- shorter degree and certificate programs offered by community colleges to provide immediate job skills.

MERIT SCHOLARSHIPS

Merit scholarships are given to students who demonstrated academic performance through their high school grade point average, standardized test scores, class rank, or some other measure of college preparedness. They represent a policy shift from need-based aid in that the primary goal of these programs is not necessarily to increase access to college, but rather to provide an incentive to students for improving their academic performance (and thus to increase the number of students who graduate), and for keeping high-achieving students in-state.

While state merit programs may all be slightly different, they have some universal characteristics in common. The main universal characteristic is that the amount of the award is based on academic achievement, not the family's ability to pay. Another characteristic is that these programs provide incentives to students to maintain high standards in high school and college. Also, the nature of state merit scholarship programs encourage the best and brightest students to attend college in their home state, and they help middle income families that do not qualify for need-based financial aid. Specific attributes of certain merit programs in other states are examined below.

Merit Scholarship Programs in Other States

The largest state merit scholarship program, and the most famous, is the HOPE Scholarship in Georgia, which was created in 1993. The scholarship pays up to $3,000 for tuition, fees, and a book allowance for students who graduate from high school with a 3.0 GPA in college preparatory courses. Students must maintain a 3.0 GPA in college to renew the award. Students who are eligible for a Pell grant have the Pell grant subtracted from the HOPE Scholarship, which saves the state money in administering the program. The program is funded by the state lottery.

Since the inception of the Georgia HOPE scholarship, several states have adopted similar programs. Five states in the Southern region have adopted state scholarship programs similar to the Georgia HOPE scholarship, including Florida, Kentucky, Louisiana, Maryland, and South Carolina. North Carolina is considering a HOPE-like scholarship for its residents, but a lottery bill has to be passed by the legislature before the program can be funded. These programs are all based on high school GPA, standardized test scores, high school class rank, or some combination of the three.

The Maryland HOPE Scholarship, which will begin in fall 2000, and the Washington Promise Scholarship, which was recently initiated by the Washington State Legislature, have diverged from the original Georgia program in one important respect – they employ a means test for student eligibility. In Maryland, students with a family income over $80,000 will not be eligible. In Washington, students with a family income over 135 percent of the median income will not be eligible. This use of a means test is important because it addresses a major criticism of merit scholarship programs – that merit scholarships benefit students from wealthier families who do not need the money and would have gone to college without the award.

Merit Scholarships in Virginia

The primary merit scholarship program currently administered by Virginia is the Robert C. Byrd Scholarship. This program is funded entirely by the federal government. The number of awards and amount of each award is specified by the federal government for each participating state. For the 1999-2000 academic year, 150 new scholarships of $1,500 each will be awarded to Virginia residents. Students must be nominated for the award by their high school or school district. The awards are determined by an independent committee of education professionals. Students receiving a Robert C. Byrd Scholarship may use the award at an out-of-state institution.

The Virginia Scholars Program is in place as a merit scholarship program, but it is no longer being funded. It was last funded in 1997. This program provided 100 scholarships a year to the top students in the State attending in-state public institutions. The goal of this program was to keep the best and brightest students in Virginia.

Virginia institutions offer merit scholarships through institutional and endowment funds, and also through the Virginia Graduate and Undergraduate Assistance Program (VAGUAP). The State provides matching funds through VAGUAP to institutions on earnings from endowments earmarked for scholarships. The State match through VAGUAP is very small, however, and the amount of money for merit scholarships is mostly dependent on institutional endowment funds. These funds may be used to attract out-of-state students as well.

Advantages and Disadvantages of Merit Scholarship Programs

Merit scholarship programs have advantages and disadvantages as some State goals are helped by the scholarship while other goals are hindered. The goals that may be helped by merit scholarships are attracting quality students to Virginia public institutions and efficiency. Goals that may be hindered are equity and access.

Proponents of merit scholarships claim that these programs promote a higher student achievement level by encouraging students to study harder and to take more challenging courses. These students will be more likely to graduate, so State financial aid money will not be wasted, they contend. Merit scholarships will also help reduce college loan burdens on middle class students. Proponents may claim that because need-based aid may not be effective in improving retention and graduation rates, merit scholarships are worthwhile.

Opponents to merit scholarship programs claim that the programs hurt economically disadvantaged students because they do not have an equal chance of succeeding in high school. Academic performance is highly related to family income levels, as poorer students often are enrolled in poorer school districts and have less family support for their education. Thus, wealthier students are more likely to have a "B" average and to score well on the SAT. Wealthier students would theoretically receive merit scholarships at the expense of need-based aid going to poorer students, opponents contend. This problem can be exacerbated when the program is funded by the state lottery, as poor families tend to be more likely to play the lottery and indirectly fund wealthier students' college education. A final concern raised by critics of merit scholarship programs is that these programs may lead to grade inflation, as teachers and administrators might feel pressured to award higher grades to marginal students so that the student may be eligible for the scholarship.

Evidence of Effectiveness of Merit Programs. Because these large state merit scholarships are relatively new, there is little evidence yet to support either the proponents or critics of merit programs. Most of the research on merit scholarships has focused on Georgia's HOPE Scholarship. Thus far, the results have been mixed.

One study conducted for the Georgia Council for School Performance found that more high school students were earning "B" averages while SAT scores had increased. The fact that SAT scores increased suggests that students really were "earning" their higher grades, and it was not just the result of grade inflation. The study also found that HOPE Scholarship recipients had earned more credit hours during their first two years of college, had slightly higher GPAs, and were less likely to drop out than their counterparts with similar backgrounds. However, the report also found that only one-third of all freshmen HOPE recipients maintained a "B" average and were able to renew their scholarship the next year.

Difficulty in Predicting the Cost. Predicting the cost of a state merit scholarship program may be difficult. The cost to the state for funding these programs depends on the merit criteria and the effect of the program on college enrollment rates and high school achievement. By setting merit criteria low, more students will be eligible for the program, and the program will cost more. Also, the merit program may not serve its original intent if the criteria are set too low. By setting merit criteria high, the program will cost less, but fewer students will be eligible.

Louisiana is an example of a state that did not accurately predict the cost. After one year of operating the Tuition Opportunity Program for Students (TOPS), the program was $26 million over its budgeted cost of $36.2 million. Louisiana had elected to set the minimum GPA at a "C+" average and the minimum ACT score at 19 out of a possible 36.

Relationship Between State Funding for Merit Programs and State Funding for Need-Based Programs

Many financial aid officials believe that states should not provide funds for merit scholarships unless student need is funded at 100 percent. Of the institutional financial aid directors at Virginia public institutions and state financial aid administrators in other states that JLARC staff interviewed, almost all stated that financial need was more important than providing merit scholarships. Most stated that they would be in favor of merit scholarships as long as need-based financial aid programs were to be funded at 100 percent. (The State currently funds about 41 percent of estimated remaining need through its need-based financial aid programs.) In the opinion of most aid administrators, providing access to college is more important than targeting financial aid efficiently by rewarding students who demonstrate academic merit.

State funding of merit scholarships does not have to replace funding for need-based aid, however. Because merit programs are politically popular, citizens may be willing to pay for merit aid, while they may not be willing to have the state spend more on need-based aid. In this case, merit programs would be providing additional money for financial aid without taking money away from need-based financial aid.

INCENTIVE SCHOLARSHIPS

Incentive scholarship programs are designed specifically to address workforce shortages or objectives. Unlike need-based grants or merit scholarships, incentive scholarships are not designed to promote broad access or increase the number of college graduates. Rather, incentive scholarships provide an enticement for students to enter certain fields of study. These fields selected for the scholarship prepare students to work in occupations in which a shortage exists or an opportunity is sought. Often, students receiving the scholarship are required to work in an occupation related to that field of study upon graduation, or else they are forced to repay the money received through the scholarship. Incentive scholarships may be need-based, merit-based, or neither.

The characteristics of incentive scholarships in other states are examined along with the incentive scholarship program plans in Virginia. The strengths and weaknesses of these programs are analyzed along with issues related to the feasibility and equity of these programs.

Incentive Scholarship Programs in Other States

Many states, and the federal government, offer some form of incentive scholarships. Most of these state scholarships are in place to attract school teachers to high demand fields or certain geographic locations, such as remote rural areas or inner-city neighborhoods. Other state incentive scholarships are geared toward increasing under-represented minorities in certain professional fields, such as nursing, law, or medicine. Perhaps the most well known incentive scholarship is the federal Reserve Officers Training Corps (ROTC) scholarship, which assists the Armed Forces in recruiting military officers.

In order to improve the efficiency of the programs, most state incentive scholarship programs entail a student obligation. This obligation is normally a contractual agreement that the student will work in the state in an occupation related to the student's major for a specified number of years upon graduation. If the student decides to leave the state or to work in a different field, the scholarship money must be paid back to the state. Because of this arrangement, incentive scholarship programs are often referred to as loan-forgiveness programs. The scholarship is essentially a loan to the student, but if the student fulfills the obligation, then the loan is forgiven. Thus, these incentive scholarships are not gift aid or "free money," as is the case with need-based grants or merit scholarships.

As the demand for high-tech workers has increased, some states have adopted or have initiated plans for incentive scholarships directed at computer and information sciences, engineering, and technology. These states are responding to industry demands for a more technically skilled workforce, as companies are having a difficult time filling needed high-tech positions. The states are also in competition with each other to lure high-tech companies into the state and to keep them there. These incentive scholarships for high-tech fields address the states' need to maintain their competitive economy.

In interviews with JLARC staff, three state financial aid administrators indicated their states have an incentive scholarship in place for high-tech fields, or that their legislature is planning to implement one. North Carolina offers a need-based scholarship for students studying health, science, and mathematics. Maryland recently implemented its Science and Technology Scholarship, which is a merit-based scholarship targeted toward graduating high school seniors. The students are required to work in an occupation related to their major one year for each year they received the award. The Pennsylvania State Legislature is considering a merit-based program similar to Maryland's for certain high-tech fields. All three incentive scholarship programs are loan-forgiveness programs.

The Maryland Science and Technology Scholarship and the Pennsylvania incentive scholarship plan are very similar to incentive scholarship plans in Virginia. The Maryland scholarship provides $3,000 to students in baccalaureate programs and $1,000 to students at community colleges. The Pennsylvania plan is to provide $3,000 to baccalaureate students. Virginia has plans for two incentive scholarship programs, for community colleges and senior institutions, to meet workforce demands in high-tech fields. These programs are discussed in the next section.

Incentive Scholarship Plans in Virginia

In 1997, the Virginia General Assembly enacted the Community College Incentive Scholarship Fund. The following year, the Assembly enacted the Undergraduate and Vocational Incentive Scholarship Program. Both of these programs are intended to increase the number of students enrolled in academic programs geared toward current and projected workforce training needs in Virginia. The two programs have yet to receive funding.

Community College Incentive Scholarship Fund. This incentive program is to provide tuition and fees for one year to qualified students in attending community colleges in Virginia. In order to qualify for the award, students must have completed one year in a designated technical training program, be enrolled on a full-time basis, and have earned a "B" average. Students must also be domiciled residents of Virginia. Technical training programs are to be designated by the Virginia Community College System Board in consultation with the Virginia Economic Development Partnership. The *Code of Virginia* does not specify any student obligations upon graduation.

Undergraduate and Vocational Incentive Scholarship Program. This program is the senior institution equivalent of the Community College Incentive Scholarship Fund. The program is to be administered by the State Council of Higher Education and will provide awards of up to tuition and required fees at public senior institutions or the average tuition and fees charged at public senior institutions for students attending four-year private, non-profit institutions in Virginia. Awards may be given to full-time students for three years after the student has completed one year of study and earned at least a "B" average. Students must maintain a "B" average and be domiciled in Virginia to renew their award. The Virginia Economic Development Partnership is to advise the Council, upon request, as to the programs that address workforce development needs. No student obligation is specified.

Other Incentive Programs. Virginia agencies offer incentive scholarships for students in several fields, including medicine, dentistry, nursing, soil science, and certain teaching fields. These scholarships are all loan-forgiveness programs. The Medical Scholarship Program and Rural Dental Scholarship Program are for students who agree to practice in an under-served area of Virginia. The Nursing Scholarship Program is for all students who agree to work in the nursing profession in Virginia. The Soil Scientist Program is for students studying soil science at Virginia Tech who agree to work in Virginia. The Virginia Teacher Scholarship Loan Program provides assistance to juniors and seniors in approved teacher preparation programs in special education, chemistry, physics, earth and space science, foreign languages, or technology education. Minority students may be enrolled in any content area and male students may be enrolled in any approved elementary or middle schoolteacher preparation program.

Assessment of Incentive Scholarships

Incentive scholarships may allow states to respond to workforce needs and to exert some influence over certain sectors of the economy. They also provide access to higher education for students with a willingness and/or aptitude to pursue a certain field of study. However, the uncertainties of market economies, the cost of recruiting additional students to the field, the relationship between workforce training and foundational education, and the issue of student equity may weaken the effectiveness and fairness of incentive scholarships.

Market Uncertainty. Incentive scholarships can be an effective tool in helping to meet state workforce needs. Scholarships for targeted academic programs give these programs a comparative advantage over other fields of study. If a student is undecided about two separate fields of study, the field that offers the student a scholarship may be preferable. If the state can accurately predict the number of additional graduates needed in a field and the types of skills those students will need, then incentive scholarships can be very effective. However, job markets are cyclical and trends are often difficult to predict. As the length of time increases between implementation of the program and the point at which students graduate and enter the workforce, accurate predictions become even more difficult.

Markets generally react well to shortages and surpluses. Workforce shortages create an incentive for students to enter the field without additional help from the state. Students have an incentive to enter the field because of the greater ease of finding a job upon graduation or the higher salaries these jobs can command. Similarly, surpluses will cause unemployment in the field and lower salaries, creating an incentive for students to choose other more lucrative fields of study. Because of market responses, it is difficult for the state to determine how much, if any, additional incentive needs to be provided to attain the required number of workers in a field. Also, artificial incentives created by the state could cause shortages in other fields, which would then need to be addressed by either removing the incentive scholarship or providing additional incentives for those fields as well.

Additional Cost of Recruiting Students. In order to recruit one additional student into a field of study with an incentive scholarship program, the state must provide incentive scholarships for all the students who would have entered the field regardless of the scholarship. It is impossible to separate students who would not enter the field without the scholarship from those who would have entered regardless. Therefore, the scholarship must be given to all qualified students. In order for the program to be cost-effective, the value of the extra students in the field needs to be very high, or the additional number of students recruited to the field needs to very great compared to the students who would have entered the field without the scholarship.

Relationship between Workforce Training and Foundational Education. In general, colleges have traditionally been in the business of providing students with foundational knowledge and the ability to think and communicate effectively. These abilities prepare students for the workforce and to be productive citizens. Some majors, particularly in technical or vocational fields, are geared more toward specific job skills than others.

Businesses often require specific skills of their employees, and would prefer that applicants be trained in these skills before beginning their employment. Often, these skills are transient, as new technologies and innovations make certain skills obsolete or irrelevant to the job market. College education cannot provide for every specific skill needed for every business or company, so the companies must bear some of the burden of training employees on the job.

In deciding whether or not to implement an incentive scholarship program, the State should consider the extent to which it should subsidize the training of skilled workers in a particular field. The State provides a subsidy for this training simply by offering an instructional program at a public institution, as the cost of education is subsidized for in-state students. Factors influencing the State's decision to offer an additional subsidy through an incentive scholarship may include competition for industry from other states, the value of the industry to the State, and the responsiveness of the workforce shortage to market forces.

Student Equity Issues. Providing scholarships to students in certain fields may be perceived as an inequitable use of State funds. Students who have a desire or aptitude to enter a certain field may receive a scholarship, while students who enter an equally important field of study may not. If the incentive scholarship is designed as a loan-forgiveness program, or the student was truly drawn to the program by the scholarship, then there may not be an equity issue since the student is providing a service to the state in return for the scholarship. However, for students who would have entered the field of study regardless of the scholarship, it becomes more difficult to rationalize why this student should receive aid instead of a student in a different major.

Another equity problem arises with the initial implementation of the program. There will be some students majoring in the field before the program is implemented. It would be unfair to students already in the major if new students received a scholarship while the existing students did not. However, if the students had already decided to major in the field, then it is not necessary for the State to provide an incentive.

THE APPLICATION OF MERIT AND INCENTIVE SCHOLARSHIP PROGRAMS IN VIRGINIA

In accessing the applicability of merit and incentive scholarship programs for Virginia, it is necessary to consider the needs of Virginia and to ascertain if these scholarship programs will help meet Virginia's needs. It is also necessary to assess these programs in light of the need-based financial aid system currently in place. Because need-based aid has different goals than merit or incentive scholarships, funding merit or incentive scholarships may achieve some goals at the expense of need-based goals, especially access and equity. Funding for merit or incentive scholarships does not have to replace funding for need-based aid. However, unless 100 percent of financial need is covered by the State, then any additional money for merit or incentive scholarships could be used for more need-based aid. In this sense, there is a tradeoff between the different types of financial aid programs.

The goals of merit and incentive scholarships are reviewed below in consideration of Virginia's needs and current system of financial aid. The appropriateness of applying merit and incentive scholarship programs in Virginia depends on two factors: (1) which goals are most important to the State; and (2) the extent to which these scholarship programs are necessary for achieving these goals.

Application of Merit Scholarships to Virginia

Merit scholarships address three main goals: to keep the best and brightest students in the state, to encourage and reward scholastic achievement, and to help the middle class pay for college expenses. These goals are discussed separately in terms of their relevance to Virginia residents and institutions of higher education.

Keep the Best and Brightest Students in the Commonwealth. Price is one of several factors that influence where top students decide to go to college. Other factors may include the prestige, degree offerings, size, location, or religious affiliation of the institution. Merit scholarships address only the cost of education and have no control over the other influencing factors. The cost of education is certainly an important factor, but it is difficult to determine how much scholarship money is needed to induce a large number of students to stay in-state. Other State administrators have indicated that the award must represent a significant portion of the total cost, and that the scholarships are more effective at keeping low-income students in-state than more wealthy students.

Virginia has two of the best national universities in the country, according to several published national rankings. It also has several top liberal arts colleges and regional universities, both public and private. Because of the high quality of institutions in the State, Virginia's need to induce top students to stay in-state may not be as great as many other states.

Encourage and Reward Scholastic Achievement. Pure need-based financial aid programs do not directly address this goal, except for the condition that students meet institutional standards for satisfactory academic progress (and the VGAP minimum grade point average requirements, which are discussed further below). The existence of need-based financial aid may encourage low-income students to work harder in high school and college, because they can be assured that financial barriers to college are removed or reduced. However, need-based aid does nothing to promote this goal among middle- and upper-income students who are not eligible.

Virginia's current financial aid system does provide an incentive for some low-income students to work hard and progress quickly through college. This is due to the VGAP award, which has a merit component and provides additional money to low-income students who demonstrate merit. The difference in award amounts between VGAP and Commonwealth awards is designed to encourage and reward scholastic achievement. However, the difference between the awards varies by institution and may not be enough to dramatically encourage hard work, except for the very neediest students who are guaranteed at least tuition.

Institutional graduation rates are one measure of Virginia's need to encourage scholastic achievement through merit scholarships. If the institutions have low graduation rates compared to similar institutions, then this situation may indicate that Virginia needs to encourage further students to work hard in high school and college. Not all Virginia institutions have high graduation rates, but this variation is expected due to the diverse institutional missions and student bodies served by the institutions. A recent SCHEV study showed that most Virginia public institutions have above average graduation rates compared to their peer institutions.

Help the Middle Class Pay for College Expenses. Most middle class families do not qualify for a need-based grant because they do not demonstrate "financial need," as defined by the financial aid application process. Institutional financial aid administrators indicated to JLARC staff that students from families of four with incomes over $50,000 would be unlikely to qualify for any need-based financial aid. However, middle class families may not find college expenses to be easily affordable. College expenses account for a significant portion of middle class family incomes and require sacrifices in other areas. The average cost per year of education at public senior institutions in Virginia is about $12,000, which is almost one-fourth the income of a family earning $50,000. For some private institutions, the cost of education may represent more than one-third of a middle class family's annual income.

Average tuition and fees at Virginia public institutions were among the highest in the nation throughout much of the past decade. The tuition freeze under the Allen administration and the twenty percent tuition reduction introduced by the Gilmore administration have reduced the cost at Virginia public institutions compared to other states, but costs in Virginia are still above average. Middle class residents in Virginia may benefit from a merit scholarship program more than in many other states.

Conclusion. Merit-based programs have worthy goals and appealing simplicity. The clearest benefit of a merit scholarship program in Virginia is that it can help families with middle or upper levels of income pay for college expenses. However, funds directed towards such a program could dilute funds available for need-based programs. As mentioned in Chapter III, the State has yet to articulate its goals for its need-based student financial aid program, in which it is already heavily invested compared to other states. Further, as shown in Chapter II, monitoring data from SCHEV has yet to establish how much State funding would meet the remaining need of all eligible students. Moreover, newly-established merit scholarship programs in other states have proven more expensive than anticipated and have seen mixed success. As a result, the General Assembly may wish to defer action on a merit scholarship program until:

- the Commonwealth of Virginia's goals for need-based programs are better articulated and funded; and
- results and costs from other states' programs are better known.

Application of Incentive Scholarships to Virginia

The main goal of incentive scholarship programs is to train workers to meet workforce demands. State plans for the Community College Incentive Scholarship and the Undergraduate and Vocational Incentive Scholarship specifically address workforce shortages in high-tech industries. High-tech industry is becoming an increasingly important sector of Virginia's economy, and a technologically trained workforce is necessary. The two incentive scholarship plans are in place to help ensure Virginia remains competitive in these industries, but the effectiveness of these programs will depend largely on the expertise of the agencies responsible for the administration of the programs.

Virginia competes with other states and foreign countries for industry and trade. If companies cannot find enough skilled workers in Virginia, they may decide to operate outside of Virginia where a skilled labor force is more readily available. Several other states have already adopted incentive scholarships in an effort to provide companies with a skilled labor force, which may put Virginia at a disadvantage if the State does not adopt its own. However, these incentive programs are costly, and in order to be effective, the scholarships must be targeted wisely.

The nature of high-tech industry is that change occurs rapidly. Certain skills learned today may not be applicable to the industry several years down the road. Due to the constantly evolving nature of the field, meeting workforce demands in industry through incentive scholarships is likely to be more difficult than meeting the demands for schoolteachers or professionals in under-served areas. The task of targeting workforce-related fields for incentive scholarships becomes more difficult as the length of the academic program increases.

Conclusion. If the State wishes to offer incentive scholarships to increase the number of skilled workers in technological fields, money may be spent more wisely on programs that offer a broad foundation for entry-level workers or on shorter academic programs. Baccalaureate programs targeted for incentive scholarships should provide basic learning skills that enable workers to adapt to changing technologies. Community colleges may be better able to provide immediate job skills through their shorter degree and certificate programs.

Appendixes

Page

Appendix A: Study Mandate A-1

Appendix B: Financial Aid to Undergraduate Students, by Institution B-1

Appendix C: Other Virginia Need-Based Financial Aid Programs C-1

Appendix D: Need-Based Financial Aid Processes in Selected States D-1

Appendix E: States' Funding of Need-Based Financial Aid E-1

Appendix F: Agency Responses F-1

Appendix A

Study Mandate

Item 16 J – 1999 Appropriation Act

Student Financial Aid Programs

The Joint Legislative Audit and Review Commission shall conduct a review of need-based financial aid programs of the Commonwealth of Virginia. The study shall (i) review the policies and implementation strategies for financial aid programs in other states; (ii) present alternative policies and administrative structures for carrying out financial aid programs in Virginia; and, (iii) provide alternatives for a simplified, equitable financial aid program for students and parents. The objective of the study is the development of a financial aid system that is both fair to students, and complementary to the Commonwealth's tuition policy. In addition, the Commission shall review merit scholarship and incentive scholarship plans, examine the purposes and measurable objectives of such scholarships and make recommendations regarding their application in Virginia. The Commission shall make its recommendations to the Joint Subcommittee on Higher Education Funding Policies, as established in Item 1 of this Act, by December 15, 1999.

Appendix B

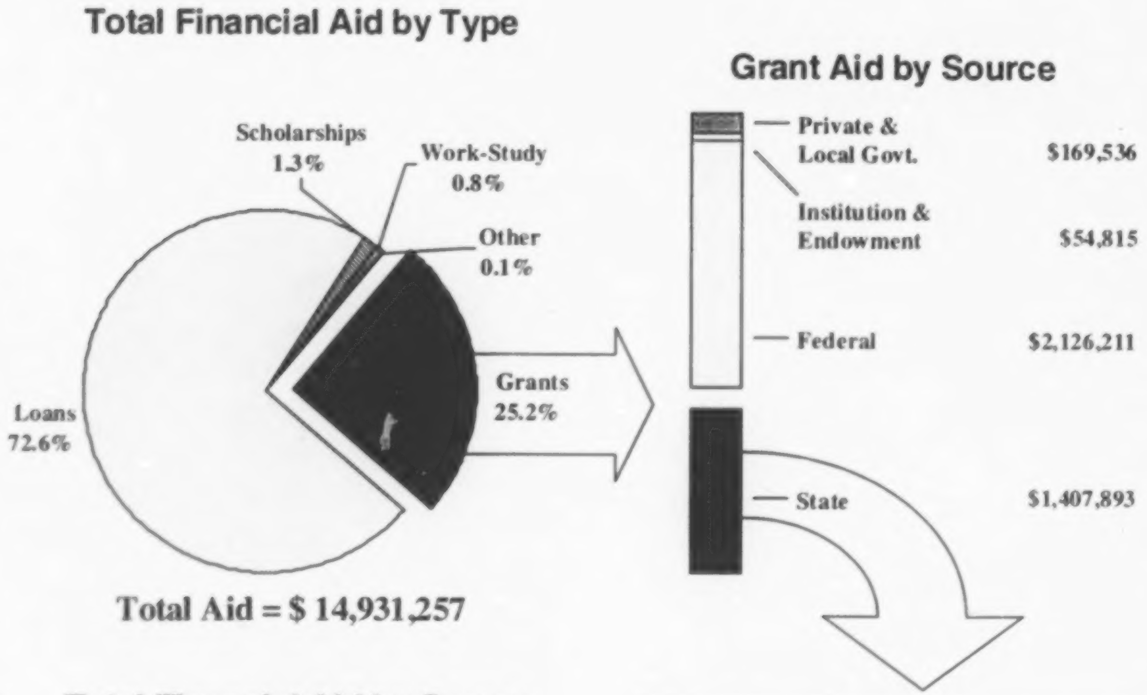
Financial Aid to Undergraduate Students by Institution

Contents:

- Financial aid to in-state undergraduate students by type and source
- Detail of financial aid awarded to in-state and out-of-state undergraduate students
- VSFAP award schedules and rationales
- Preliminary results of variation between actual awards and award schedules (1997-98)

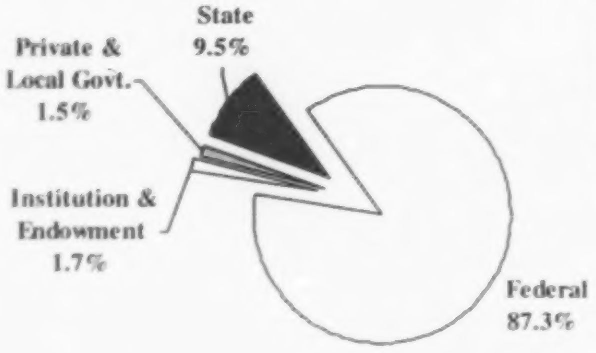
Christopher Newport University

Financial Aid to In-State Undergraduate Students (1997-98)



State Grant Programs		
VSFAP	*$*	*1,232,219*
Commonwealth	$	831,826
VGAP	$	400,393
CSAP	$	80,924
VTG	$	86,750
Last Dollar	$	8,000
VAGUAP	$	-

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Christopher Newport University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$831,826	$0	$831,826
VGAP	$400,393	$0	$400,393
Total VSFAP	*$1,232,219*	*$0*	*$1,232,219*
CSAP	$80,924	$0	$80,924
Last Dollar	$8,000	$0	$8,000
Virginia Transfer Grant	$86,750	$0	$86,750
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$1,407,893*	*$0*	*$1,407,893*
Federal:	$2,126,211	$112,217	$2,238,428
Institutional (Need-based):	$54,815	$1,000	$55,815
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$169,536	$5,760	$175,296
Total Grants From All Sources	***$3,758,455***	***$118,977***	***$3,877,432***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$200,342	$11,170	$211,512
Endowment Funds:	$0	$0	$0
Athletic Scholarships:	$0	$0	$0
Total Scholarships From All Sources	**$200,342**	**$11,170**	**$211,512**
Loans			
Federal:	$10,792,744	$628,371	$11,421,115
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$48,105	$5,000	$53,105
Total Loans From All Sources	**$10,840,849**	**$633,371**	**$11,474,220**
Work-Study			
Federal:	$117,344	$5,320	$122,664
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$117,344**	**$5,320**	**$122,664**
Other Aid			
State:	$9,000	$0	$9,000
Federal:	$5,266	$0	$5,266
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Other Aid From All Sources	**$14,266**	**$0**	**$14,266**
Total Financial Aid Distributed	**$14,931,257**	**$768,838**	**$15,700,095**

Source: SCHEV Financial Aid Data File, 1997-98.

Christopher Newport University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
8,000 +	$ 3,800	$ 3,500
7,000 - 7,999	$ 3,375	$ 2,625
6,000 - 6,999	$ 2,925	$ 2,275
5,000 - 5,999	$ 2,475	$ 1,925
4,000 - 4,999	$ 2,025	$ 1,575
3,000 - 3,999	$ 1,775	$ 1,225
2,000 - 2,999	$ 1,125	$ 875
1,000 - 1,999	$ 675	$ 525
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 11,000
off-campus living with parents	$ 9,500
off-campus living away from parents	$ 11,000

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Christopher Newport awards VSFAP funds to eligible students based on a fixed percentage of remaining need. A student with twice as much remaining need as another student will receive twice as much aid. Students in the neediest category ($8,000+ remaining need) will receive a VGAP award of tuition, fees, and approximately one-half of the book allowance. Neediest students not eligible for VGAP receive a Commonwealth award equal to tuition and fees. For students not in the neediest category, VGAP awards are about 28 percent greater than Commonwealth awards for the same level of remaining need. Christopher Newport's method of delivering aid is developed each year by analyzing past history, enrollment trends, and the financial need of returning students.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	17	414	16	
VGAP		6	116	
Total VSFAP	17	420	132	847

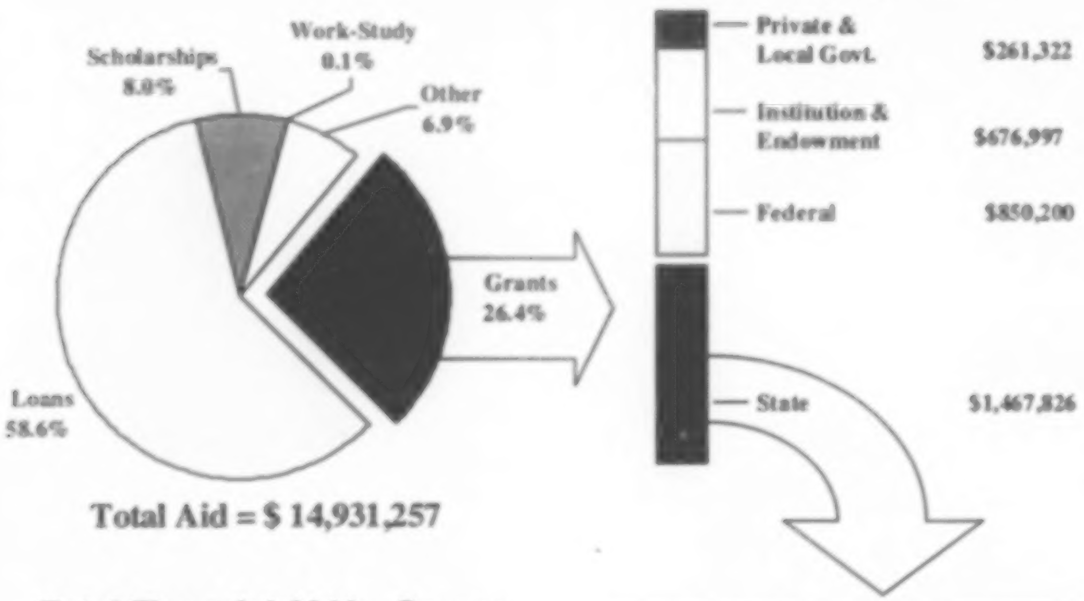
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

College of William and Mary

Financial Aid to In-State Undergraduate Students (1997-98)

Total Financial Aid by Type

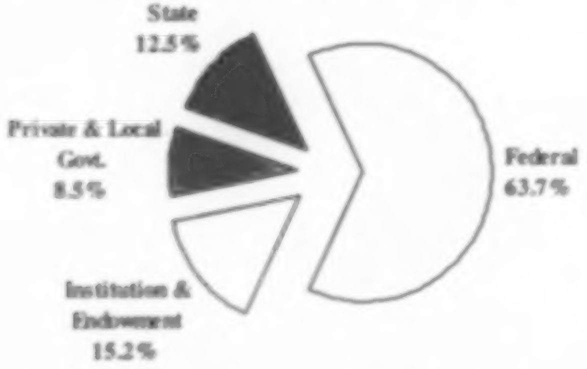
Grant Aid by Source



Total Aid = $ 14,931,257

State Grant Programs		
VSFAP	*$*	*1,367,916*
Commonwealth	$	497,797
VGAP	$	870,119
CSAP	$	64,000
VTG	$	8,000
Last Dollar	$	23,000
VAGUAP	$	4,910

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

College of William and Mary

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$497,797	$0	$497,797
VGAP	$870,119	$0	$870,119
Total VSFAP	*$1,367,916*	*$0*	*$1,367,916*
CSAP	$64,000	$0	$64,000
Last Dollar	$23,000	$0	$23,000
Virginia Transfer Grant	$8,000	$0	$8,000
Graduate and Undergraduate Assistance Program	$4,910	$5,929	$10,839
Total State Grants	*$1,467,826*	*$5,929*	*$1,473,755*
Federal:	$850,200	$425,414	$1,275,614
Institutional (Need-based):	$109,927	$1,178,133	$1,288,060
Endowment Funds (Need-based):	$567,070	$1,074,635	$1,641,705
Other Sources:	$261,322	$271,330	$532,652
Total Grants From All Sources	***$3,256,345***	***$2,955,441***	***$6,211,786***
Scholarships			
State (Virginia Scholars Program):	$36,000	$0	$36,000
Institutional:	$109,242	$0	$109,242
Endowment Funds:	$350,091	$153,909	$504,000
Athletic Scholarships:	$497,898	$2,047,030	$2,544,928
Total Scholarships From All Sources	**$993,231**	**$2,200,939**	**$3,194,170**
Loans			
Federal:	$7,002,652	$4,747,099	$11,749,751
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$229,842	$318,658	$548,500
Total Loans From All Sources	**$7,232,494**	**$5,065,757**	**$12,298,251**
Work-Study			
Federal:	$17,380	$29,676	$47,056
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$17,380**	**$29,676**	**$47,056**
Other Aid			
State:	$44,955	$3,330	$48,285
Federal:	$0	$0	$0
Institutional:	$248,168	$139,052	$387,220
Endowment Funds:	$0	$0	$0
Other Sources:	$556,352	$400,150	$956,502
Total Other Aid From All Sources	**$849,475**	**$542,532**	**$1,392,007**
Total Financial Aid Distributed	**$12,348,925**	**$10,794,345**	**$23,143,270**

Source: SCHEV Financial Aid Data File, 1997-98.

College of William and Mary

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99				
Remaining need $			Award Amounts	
			VGAP	Commonwealth
8,000	+		$ 3,800	$ 3,550
7,000	-	7,999	$ 3,150	$ 2,900
6,000	-	6,999	$ 2,500	$ 2,250
5,000	-	5,999	$ 1,850	$ 1,600
4,000	-	4,999	$ 1,200	$ 950
3,000	-	3,999	$ 550	$ 300
2,000	-	2,999	$ -	$ -
1,000	-	1,999	$ -	$ -
1	-	999	$ -	$ -

Cost of Attendance	
on-campus	$ 11,438
off-campus living with parents	$ 9,102
off-campus living away from parents	$ 11,438

Source: SCHEV 1998-99 "S5 Report."

Rationale:

William and Mary's financial aid program is based on the belief that students should invest in themselves. Therefore, 35 percent of a student's remaining need is packaged in the form of a Stafford Loan. The remaining 65 percent is covered in the form of a grant, either from State or endowment sources. Students with greater need will receive a larger grant. After subtracting the estimated family contribution and the Pell Grant, the neediest category of students had a remaining need of just over $8,000. Depending on endowment and other gift aid for which a student is eligible, William and Mary may adjust the VGAP or Commonwealth award to the student. The maximum VGAP award of $3,800 was more than tuition but considerably less than the full tuition and fee cost of more than $5,000.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specified	# Awards less than specified	# Awards equal to specified amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	87	61	24	
VGAP	186	78	47	
Total VSFAP	273	139	71	334

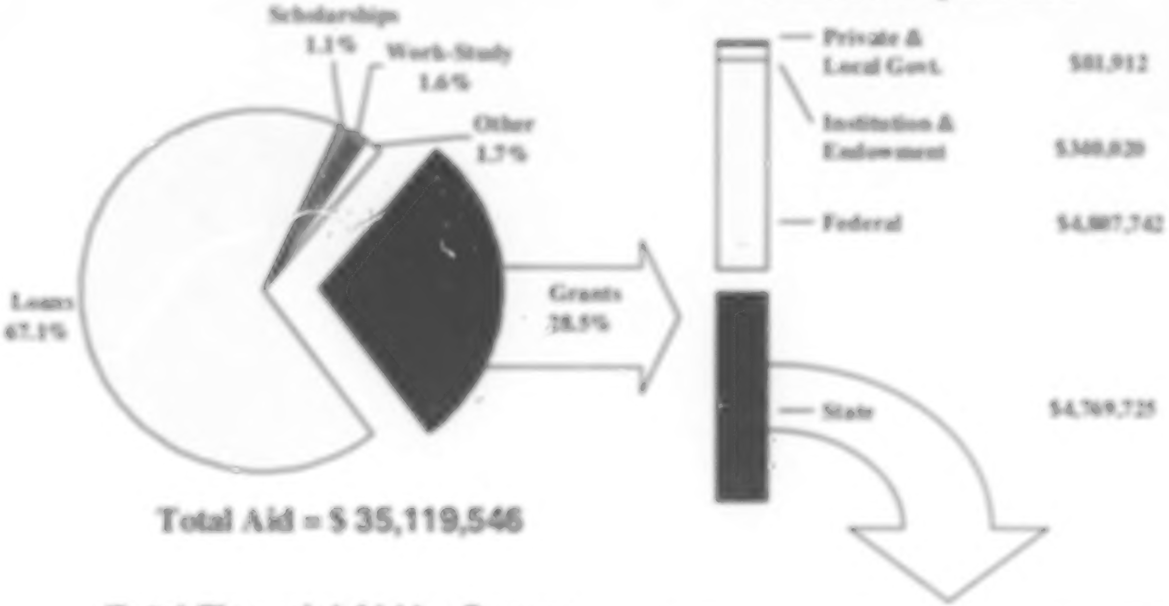
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

George Mason University

Financial Aid to In-State Undergraduate Students (1997-98)

Total Financial Aid by Type

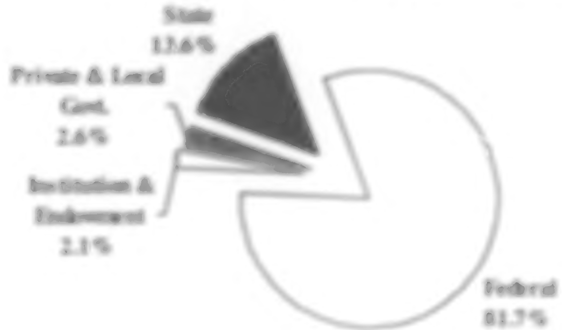
Grant Aid by Source



Total Aid = $ 35,119,546

State Grant Programs		
VSFAP	$	4,358,843
Commonwealth	$	3,384,323
VGAP	$	974,520
CSAP	$	241,082
VTG	$	133,000
Last Dollar	$	36,000
VAGUAP	$	-

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

George Mason University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$3,384,323	$0	$3,384,323
VGAP	$974,520	$0	$974,520
Total VSFAP	*$4,358,843*	*$0*	*$4,358,843*
CSAP	$241,882	$0	$241,882
Last Dollar	$36,000	$0	$36,000
Virginia Transfer Grant	$133,000	$0	$133,000
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$4,769,725*	*$0*	*$4,769,725*
Federal:	$4,807,742	$328,412	$5,136,154
Institutional (Need-based):	$340,020	$491,158	$831,178
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$81,912	$28,885	$110,797
Total Grants From All Sources	***$9,999,399***	***$848,455***	***$10,847,854***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$81,849	$170,442	$252,291
Endowment Funds:	$0	$0	$0
Athletic Scholarships:	$302,292	$1,829,542	$2,131,834
Total Scholarships From All Sources	**$384,141**	**$1,999,984**	**$2,384,125**
Loans			
Federal:	$23,337,104	$2,356,304	$25,693,408
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$230,154	$78,369	$308,523
Total Loans From All Sources	**$23,567,258**	**$2,434,673**	**$26,001,931**
Work-Study			
Federal:	$564,093	$88,950	$653,043
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$564,093**	**$88,950**	**$653,043**
Other Aid			
State:	$0	$0	$0
Federal:	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$604,655	$127,083	$731,738
Total Other Aid From All Sources	**$604,655**	**$127,083**	**$731,738**
Total Financial Aid Distributed	**$35,119,546**	**$5,499,145**	**$40,618,691**

Source: SCHEV Financial Aid Data File, 1997-98.

George Mason University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
12,000 +	$ 4,800	$ 4,300
11,000 - 11,999	$ 4,800	$ 4,025
10,000 - 10,999	$ 4,725	$ 3,675
9,000 - 9,999	$ 4,275	$ 3,325
8,000 - 8,999	$ 3,825	$ 2,975
7,000 - 7,999	$ 3,375	$ 2,625
6,000 - 6,999	$ 2,925	$ 2,275
5,000 - 5,999	$ 2,475	$ 1,925
4,000 - 4,999	$ 2,025	$ 1,575
3,000 - 3,999	$ 1,575	$ 1,225
2,000 - 2,999	$ 1,125	$ 875
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 14,066
off-campus living with parents	$ 10,893
off-campus living away from parents	$ 15,141

Source: SCHEV 1998-99 "S5 Report."

Rationale:

George Mason's award schedule is designed to provide 45 percent of remaining need to VGAP-eligible students and 35 percent of remaining need to Commonwealth-eligible students. Students eligible for a Pell Grant are in the neediest category at George Mason. Neediest VGAP-eligible students receive an award equal to tuition, fees, and $500 book allowance. Neediest Commonwealth students receive an award equal to tuition and fees. George Mason tries to provide some grant money to all students when packaging financial aid, as this grant money is valued by students and is seen as an important recruiting tool.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	482	377	130	
VGAP	192	62	32	
Total VSFAP	674	439	162	1,817

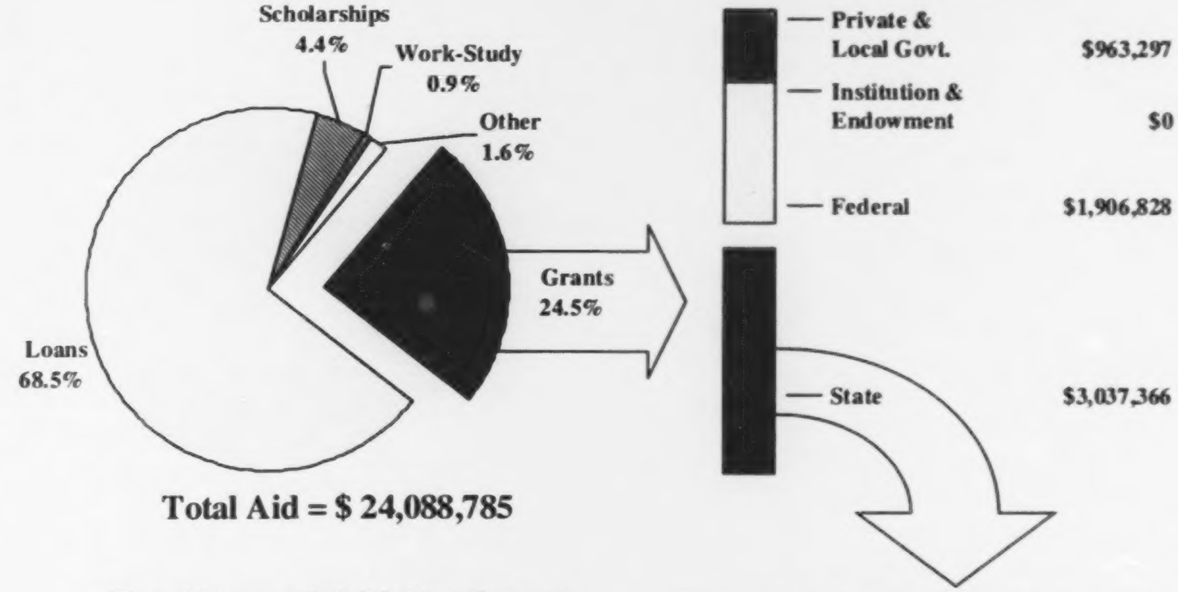
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

James Madison University

Financial Aid to In-State Undergraduate Students (1997-98)

Total Financial Aid by Type

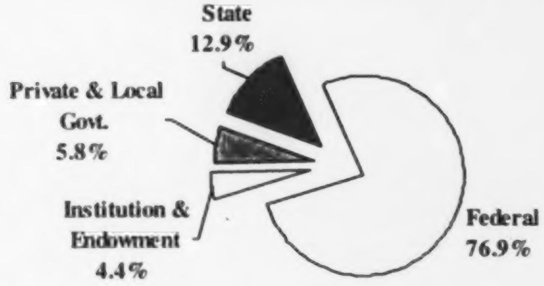
Grant Aid by Source



Total Aid = $ 24,088,785

State Grant Programs		
VSFAP	*$*	*2,869,366*
Commonwealth	$	1,503,974
VGAP	$	1,365,392
CSAP	$	136,000
VTG	$	11,000
Last Dollar	$	21,000
VAGUAP	$	-

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

James Madison University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$1,503,974	$0	$1,503,974
VGAP	$1,365,392	$0	$1,365,392
Total VSFAP	*$2,869,366*	*$0*	*$2,869,366*
CSAP	$136,000	$0	$136,000
Last Dollar	$21,000	$0	$21,000
Virginia Transfer Grant	$11,000	$0	$11,000
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$3,037,366*	*$0*	*$3,037,366*
Federal:	$1,906,828	$348,944	$2,255,772
Institutional (Need-based):	$0	$0	$0
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$963,297	$640,734	$1,604,031
Total Grants From All Sources	***$5,907,491***	***$989,678***	***$6,897,170***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$18,146	$18,246	$36,392
Endowment Funds:	$322,314	$138,418	$460,732
Athletic Scholarships:	$722,207	$1,970,411	$2,692,618
Total Scholarships From All Sources	**$1,062,667**	**$2,127,075**	**$3,189,742**
Loans			
Federal:	$16,265,479	$8,746,642	$25,012,121
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$240,766	$241,639	$482,405
Total Loans From All Sources	**$16,506,245**	**$8,988,281**	**$25,494,526**
Work-Study			
Federal:	$225,122	$91,564	$316,685
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$225,122**	**$91,564**	**$316,685**
Other Aid			
State:	$63,967	$1,500	$65,467
Federal:	$135,405	$143,244	$278,649
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$187,888	$86,417	$274,305
Total Other Aid From All Sources	**$387,260**	**$231,161**	**$618,421**
Total Financial Aid Distributed	**$24,088,785**	**$12,427,759**	**$36,516,544**

Source: SCHEV Financial Aid Data File, 1997-98.

James Madison University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
8,000 +	$ 4,148	$ 3,148
7,000 - 7,999	$ 3,100	$ 2,100
6,000 - 6,999	$ 2,100	$ 1,100
5,000 - 5,999	$ 1,100	$ 500
4,000 - 4,999	$ -	$ -
3,000 - 3,999	$ -	$ -
2,000 - 2,999	$ -	$ -
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 11,314
off-campus living with parents	$ 8,702
off-campus living away from parents	$ 11,462

Source: SCHEV 1998-99 "S5 Report."

Rationale:

The administration at James Madison believes that the neediest students should receive at least tuition and fees, which means that larger grants are given to fewer students. Students with less than $5,000 remaining need are not eligible for a VSFAP award. The award schedule consists of four tiers, with VSFAP funds awarded to students proportionally to remaining need at each level. VGAP awards are at least $600 more than Commonwealth awards at each level of remaining need.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	82	90	516	
VGAP	236	27	301	
Total VSFAP	318	117	817	513

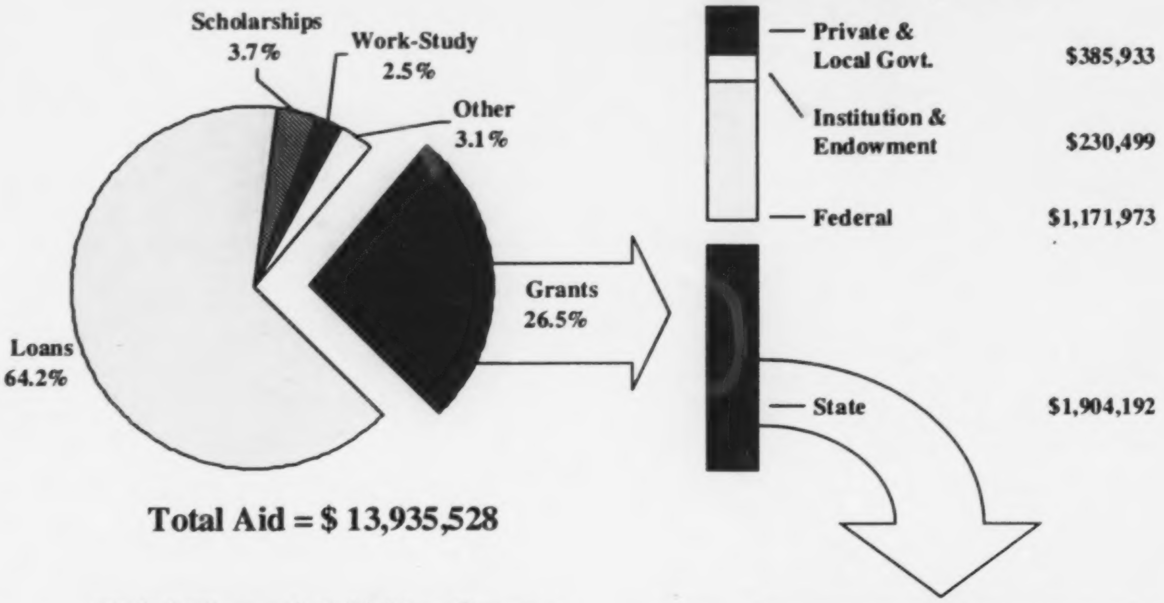
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Longwood College

Financial Aid to In-State Undergraduate Students (1997-98)

Total Financial Aid by Type

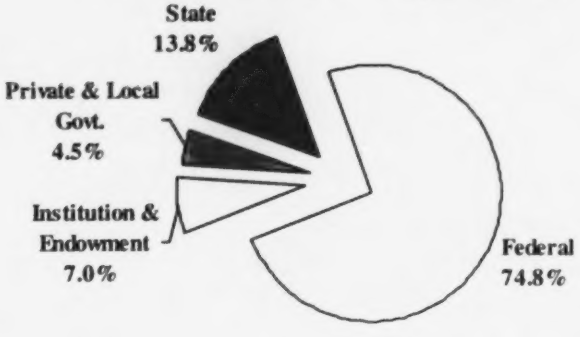
Grant Aid by Source



Total Aid = $ 13,935,528

State Grant Programs		
VSFAP	*$*	*1,692,540*
Commonwealth	$	408,255
VGAP	$	1,284,285
CSAP	$	177,000
VTG	$	17,000
Last Dollar	$	11,000
VAGUAP	$	6,652

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Longwood College

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$408,255	$0	$408,255
VGAP	$1,284,285	$0	$1,284,285
Total VSFAP	*$1,692,540*	*$0*	*$1,692,540*
CSAP	$177,000	$0	$177,000
Last Dollar	$11,000	$0	$11,000
Virginia Transfer Grant	$17,000	$0	$17,000
Graduate and Undergraduate Assistance Program	$6,652	$2,798	$9,450
Total State Grants	*$1,904,192*	*$2,798*	*$1,906,990*
Federal:	$1,171,973	$25,402	$1,197,375
Institutional (Need-based):	$47,000	$79,622	$126,622
Endowment Funds (Need-based):	$183,499	$6,837	$190,336
Other Sources:	$385,933	$24,939	$410,872
Total Grants From All Sources	***$3,692,598***	***$139,598***	***$3,832,196***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$275,515	$25,335	$300,850
Athletic Scholarships:	$238,281	$71,926	$310,207
Total Scholarships From All Sources	**$513,796**	**$97,261**	**$611,057**
Loans			
Federal:	$8,895,534	$278,141	$9,173,675
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$52,413	$0	$52,413
Total Loans From All Sources	**$8,947,947**	**$278,141**	**$9,226,088**
Work-Study			
Federal:	$350,801	$19,706	$370,507
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$350,801**	**$19,706**	**$370,507**
Other Aid			
State:	$15,000	$0	$15,000
Federal:	$0	$0	$0
Institutional:	$228,318	$12,960	$241,278
Endowment Funds:	$0	$0	$0
Other Sources:	$187,069	$3,636	$190,705
Total Other Aid From All Sources	**$430,387**	**$16,596**	**$446,983**
Total Financial Aid Distributed	**$13,935,528**	**$551,302**	**$14,486,830**

Source: SCHEV Financial Aid Data File, 1997-98.

Longwood College

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
7,000 +	$ 4,416	$ 3,533
6,000 - 6,999	$ 2,280	$ 1,824
5,000 - 5,999	$ 1,900	$ 1,520
4,000 - 4,999	$ 1,520	$ 1,216
3,000 - 3,999	$ 1,140	$ 912
2,000 - 2,999	$ -	$ -
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 12,694
off-campus living with parents	$ 12,694
off-campus living away from parents	$ 12,694

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Longwood provides tuition and fees to VGAP students in the neediest category ($7,000+ remaining need), and $600 less for the neediest Commonwealth students. For students not in the neediest category, aid is distributed based on a fixed percentage of remaining need. Longwood provides 38 percent of remaining need to VGAP-eligible students and 30 percent of remaining need to Commonwealth students. VGAP-eligible students receive priority in receiving VSFAP funds.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	58	149	11	
VGAP	246	260	79	
Total VSFAP	304	409	90	147

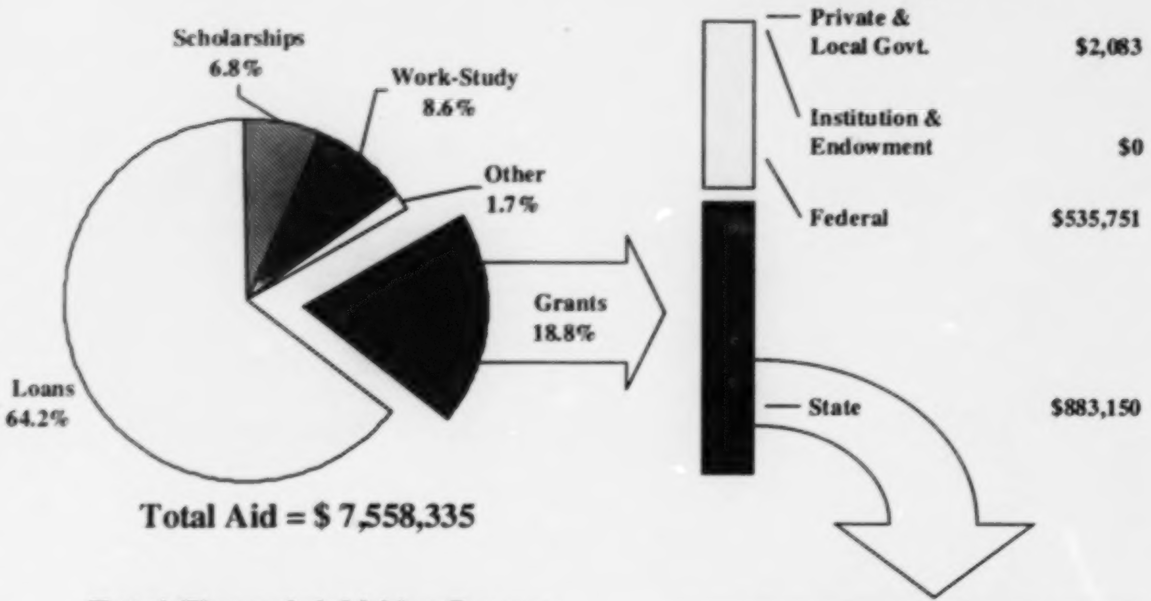
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Mary Washington College

Financial Aid to In-State Undergraduate Students (1997-98)

Total Financial Aid by Type

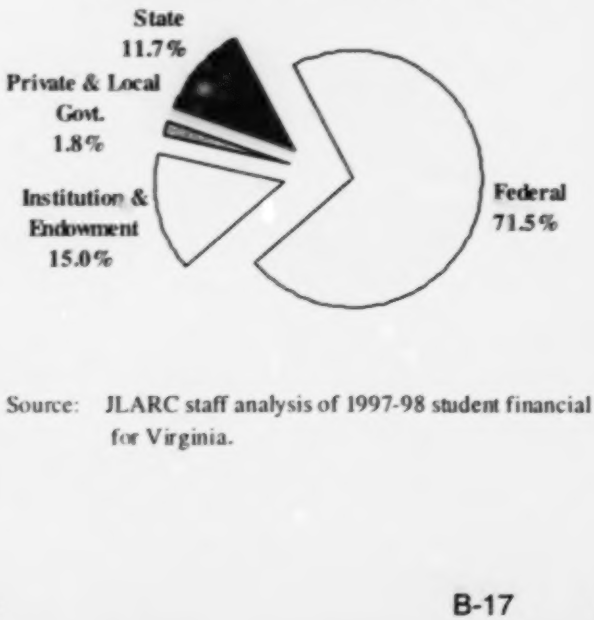
Grant Aid by Source



Total Aid = $ 7,558,335

State Grant Programs		
VSFAP	*$*	*827,150*
Commonwealth	$	459,856
VGAP	$	367,294
CSAP	$	39,000
VTG	$	10,000
Last Dollar	$	7,000
VAGUAP	$	-

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Mary Washington College

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$459,856	$0	$459,856
VGAP	$367,294	$0	$367,294
Total VSFAP	*$827,150*	*$0*	*$827,150*
CSAP	$39,000	$0	$39,000
Last Dollar	$7,000	$0	$7,000
Virginia Transfer Grant	$10,000	$0	$10,000
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$883,150*	*$0*	*$883,150*
Federal:	$535,751	$142,044	$677,795
Institutional (Need-based):	$0	$0	$0
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$2,083	$0	$2,083
Total Grants From All Sources	***$1,420,984***	***$142,044***	***$1,563,028***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$289,830	$107,493	$397,323
Endowment Funds:	$220,416	$134,818	$355,234
Athletic Scholarships:	$0	$0	$0
Total Scholarships From All Sources	**$510,246**	**$242,311**	**$752,557**
Loans			
Federal:	$4,841,900	$2,321,741	$7,163,641
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$10,875	$0	$10,875
Total Loans From All Sources	**$4,852,775**	**$2,321,741**	**$7,174,516**
Work-Study			
Federal:	$27,099	$14,760	$41,860
Institutional:	$620,369	$347,414	$967,783
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$647,469**	**$362,174**	**$1,009,643**
Other Aid			
State:	$0	$5,670	$5,670
Federal:	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$126,862	$69,077	$195,938
Total Other Aid From All Sources	**$126,862**	**$74,747**	**$201,608**
Total Financial Aid Distributed	**$7,558,335**	**$3,143,017**	**$10,701,352**

Source: SCHEV Financial Aid Data File, 1997-98.

Mary Washington College

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
11,000 +	$ 4,000	$ 3,400
10,000 - 10,999	$ 2,500	$ 1,900
9,000 - 9,999	$ 2,000	$ 1,400
8,000 - 8,999	$ 1,500	$ 1,000
7,000 - 7,999	$ 1,000	$ 500
6,000 - 6,999	$ 750	$ 300
5,000 - 5,999	$ 500	$ 150
4,000 - 4,999	$ -	$ -
3,000 - 3,999	$ -	$ -
2,000 - 2,999	$ -	$ -
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 12,130
off-campus living with parents	$ 10,120
off-campus living away from parents	$ 14,730

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Mary Washington provides tuition, fees, and a book allowance to the neediest VGAP-eligible students. The neediest Commonwealth students receive an award nearly equal to tuition and fees. Awards for VGAP and Commonwealth students are based on a sliding scale of the percentage of remaining need. Students in the higher remaining need categories receive a higher percentage of their remaining need through VSFAP grants than do students with less need. Mary Washington subtracts only the Pell Grant from the cost of attendance when determining remaining need of students.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specified	# Awards less than specified	# Awards equal to specified amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	16	10	87	
VGAP	85	4	17	
Total VSFAP	101	14	104	221

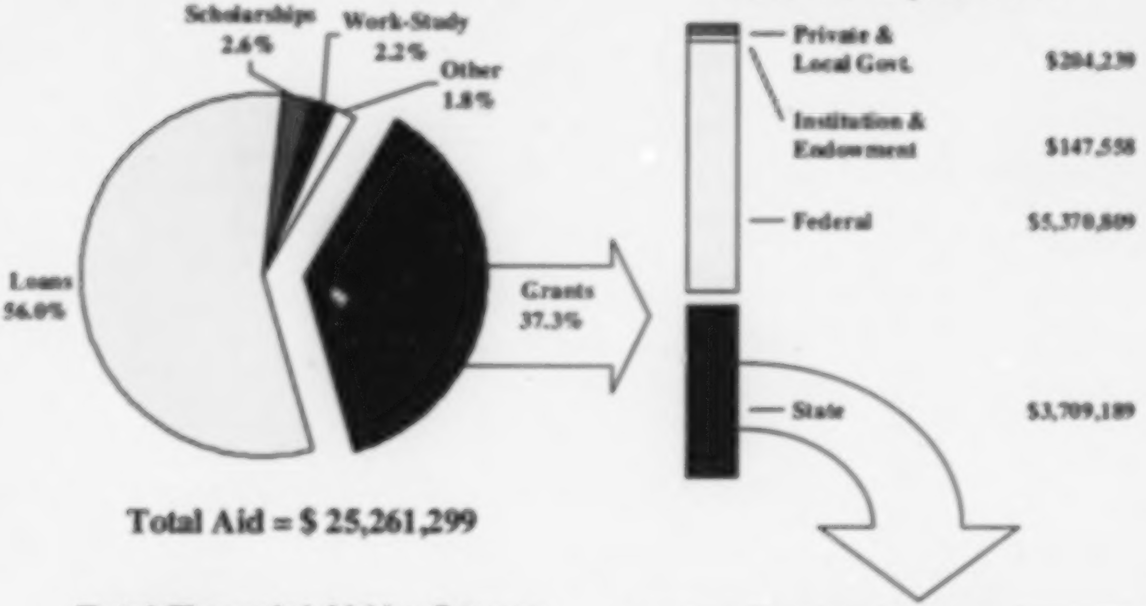
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Norfolk State University

Financial Aid to In-State Undergraduate Students (1997-98)

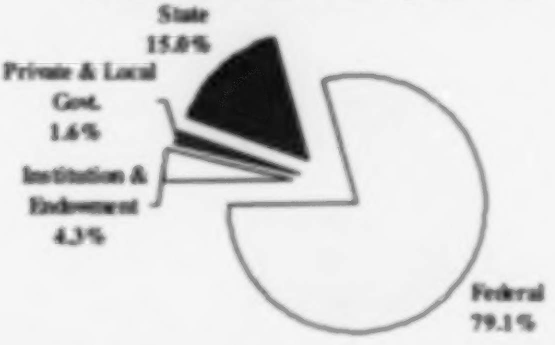
Total Financial Aid by Type

Grant Aid by Source



Total Aid = $ 25,261,299

Total Financial Aid by Source



State Grant Programs		
VSFAP	$	*3,245,189*
Commonwealth	$	2,606,674
VGAP	$	638,515
CSAP	$	217,000
VTG	$	143,000
Last Dollar	$	104,000
VAGUAP	$	-

Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Norfolk State University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$2,606,674	$0	$2,606,674
VGAP	$638,515	$0	$638,515
Total VSFAP	*$3,245,189*	*$0*	*$3,245,189*
CSAP	$217,000	$0	$217,000
Last Dollar	$104,000	$0	$104,000
Virginia Transfer Grant	$143,000	$0	$143,000
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$3,709,189*	*$0*	*$3,709,189*
Federal:	$5,370,809	$2,176,436	$7,547,245
Institutional (Need-based):	$147,558	$171,917	$319,475
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$204,239	$158,584	$362,823
Total Grants From All Sources	***$9,431,795***	***$2,506,937***	***$11,938,732***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$240,660	$230,150	$470,810
Endowment Funds:	$199,714	$158,000	$357,714
Athletic Scholarships:	$225,183	$233,633	$458,816
Total Scholarships From All Sources	**$665,557**	**$621,783**	**$1,287,340**
Loans			
Federal:	$14,081,892	$6,171,771	$20,253,663
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$56,200	$129,064	$185,264
Total Loans From All Sources	**$14,138,092**	**$6,300,835**	**$20,438,927**
Work-Study			
Federal:	$405,769	$362,998	$768,767
Institutional:	$162,058	$154,488	$316,546
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$567,828**	**$517,486**	**$1,085,313**
Other Aid			
State:	$73,551	$40,490	$114,041
Federal:	$121,746	$178,196	$299,942
Institutional:	$119,381	$107,318	$226,699
Endowment Funds:	$0	$0	$0
Other Sources:	$143,350	$106,727	$250,077
Total Other Aid From All Sources	**$458,028**	**$432,731**	**$890,759**
Total Financial Aid Distributed	**$25,261,300**	**$10,379,772**	**$35,641,071**

Source: SCHEV Financial Aid Data File, 1997-98.

Norfolk State University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
9,000 +	$ 3,800	$ 3,000
8,000 - 8,999	$ 3,300	$ 2,600
7,000 - 7,999	$ 2,800	$ 2,200
6,000 - 6,999	$ 2,300	$ 1,800
5,000 - 5,999	$ 1,800	$ 1,400
4,000 - 4,999	$ 1,300	$ 1,000
3,000 - 3,999	$ 800	$ 600
2,000 - 2,999	$ 300	$ -
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 9,966
off-campus living with parents	$ 8,100
off-campus living away from parents	$ 9,966

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Norfolk State awards tuition, fees, and a book allowance of $800 to VGAP-eligible students in the neediest category. Commonwealth students in the neediest category receive an award equal to tuition and fees. Norfolk State distributes aid on a sliding scale to students based on remaining need. Students with more remaining need receive a higher percentage of their need through VSFAP awards. All sources of grants and scholarships are factored into the financial need analysis before VSFAP grants are awarded to students.

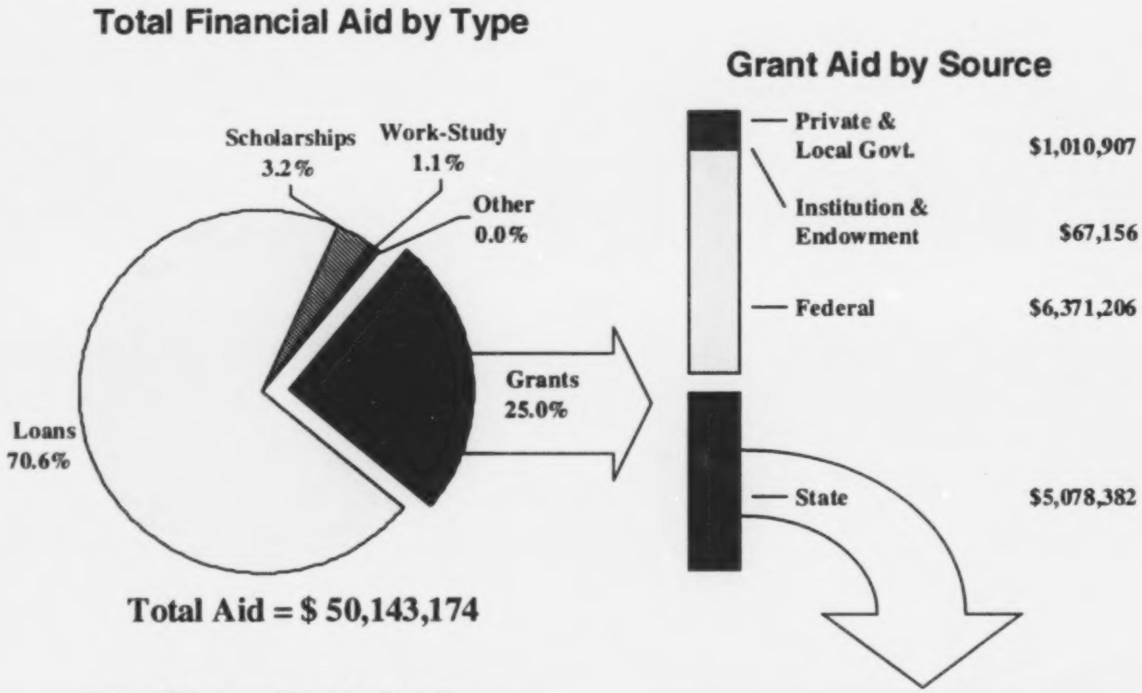
Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	97	499	573	
VGAP	67	56	112	
Total VSFAP	164	555	685	1,290

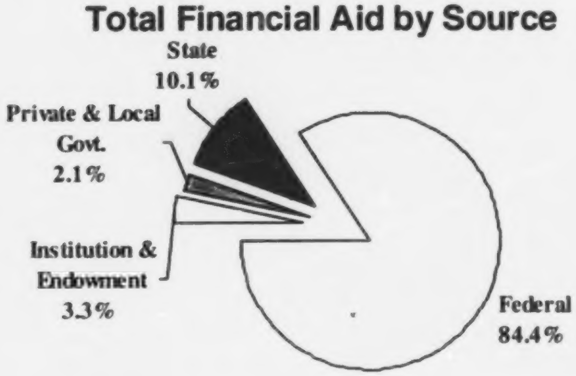
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Old Dominion University

Financial Aid to In-State Undergraduate Students (1997-98)



State Grant Programs		
VSFAP	*$*	*4,584,532*
Commonwealth	$	2,792,464
VGAP	$	1,792,068
CSAP	$	360,000
VTG	$	99,000
Last Dollar	$	30,000
VAGUAP	$	4,850



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Old Dominion University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$2,792,464	$0	$2,792,464
VGAP	$1,792,068	$0	$1,792,068
Total VSFAP	*$4,584,532*	*$0*	*$4,584,532*
CSAP	$360,000	$0	$360,000
Last Dollar	$30,000	$0	$30,000
Virginia Transfer Grant	$99,000	$0	$99,000
Graduate and Undergraduate Assistance Program	$4,850	$0	$4,850
Total State Grants	*$5,078,382*	*$0*	*$5,078,382*
Federal:	$6,371,206	$356,715	$6,727,921
Institutional (Need-based):	$28,822	$537,364	$566,186
Endowment Funds (Need-based):	$38,334	$3,482	$41,816
Other Sources:	$1,010,907	$214,792	$1,225,699
Total Grants From All Sources	***$12,527,651***	***$1,112,353***	***$13,640,004***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$1,279,392	$447,932	$1,727,325
Endowment Funds:	$89,910	$12,848	$102,758
Athletic Scholarships:	$238,704	$1,405,823	$1,644,526
Total Scholarships From All Sources	**$1,608,006**	**$1,866,603**	**$3,474,609**
Loans			
Federal:	$35,376,015	$3,367,809	$38,743,824
Institutional:	$0	$0	$0
Endowment Funds:	$0	$8,768	$8,768
Private:	$45,972	$30,205	$76,177
Total Loans From All Sources	**$35,421,987**	**$3,406,782**	**$38,828,769**
Work-Study			
Federal:	$576,530	$50,592	$627,122
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$576,530**	**$50,592**	**$627,122**
Other Aid			
State:	$9,000	$0	$9,000
Federal:	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Other Aid From All Sources	**$9,000**	**$0**	**$9,000**
Total Financial Aid Distributed	**$50,143,174**	**$6,436,330**	**$56,579,504**

Source: SCHEV Financial Aid Data File, 1997-98.

Old Dominion University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	**Award Amounts**	
$	VGAP	Commonwealth
9,000 +	$ 4,000	$ 3,325
8,000 - 8,999	$ 3,570	$ 2,975
7,000 - 7,999	$ 3,150	$ 2,625
6,000 - 6,999	$ 2,730	$ 2,275
5,000 - 5,999	$ 1,925	$ 1,540
4,000 - 4,999	$ 1,575	$ 1,260
3,000 - 3,999	$ 1,225	$ 980
2,000 - 2,999	$ 875	$ 700
1,000 - 1,999	$ 525	$ 420
1 - 999	$ -	$ -
Cost of Attendance		
on-campus		$ 12,450
off-campus living with parents		$ 12,450
off-campus living away from parents		$ 12,450

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Old Dominion tries to package aid based on the proportion of remaining need. For students with more than $6,000 remaining need, VGAP awards comprise 42 percent of remaining need and Commonwealth awards comprise 35 percent. For students with remaining need between $1,000 and $6,000, VGAP awards comprise 35 percent or remaining need and Commonwealth awards comprise 28 percent. The top VGAP award is $200 less than tuition and fees at Old Dominion.

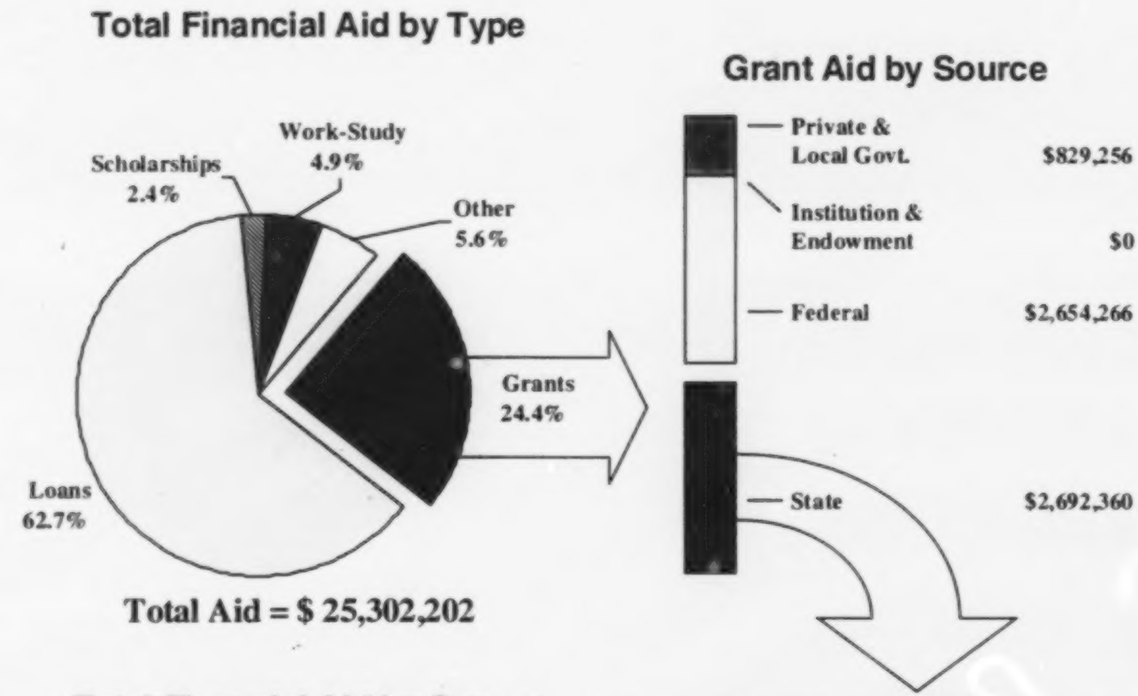
Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	236	420	293	
VGAP	269	63	225	
Total VSFAP	505	483	518	2,636

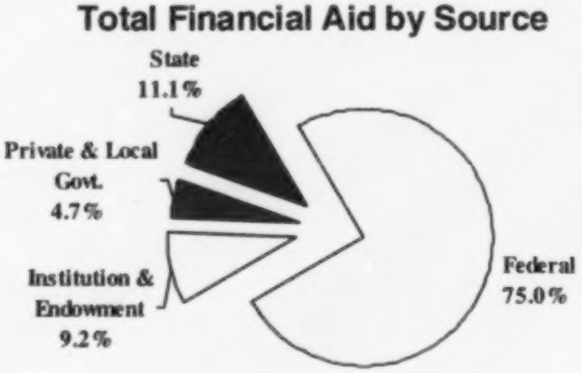
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Radford University

Financial Aid to In-State Undergraduate Students (1997-98)



State Grant Programs		
VSFAP	*$*	*2,465,460*
Commonwealth	$	1,782,295
VGAP	$	683,165
CSAP	$	186,000
VTG	$	20,000
Last Dollar	$	11,000
VAGUAP	$	9,900



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Radford University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$1,782,295	$0	$1,782,295
VGAP	$683,165	$0	$683,165
Total VSFAP	*$2,465,460*	*$0*	*$2,465,460*
CSAP	$186,000	$0	$186,000
Last Dollar	$11,000	$0	$11,000
Virginia Transfer Grant	$20,000	$0	$20,000
Graduate and Undergraduate Assistance Program	$9,900	$5,000	$14,900
Total State Grants	*$2,692,360*	*$5,000*	*$2,697,360*
Federal:	$2,654,266	$179,973	$2,834,239
Institutional (Need-based):	$0	$0	$0
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$829,255	$225,671	$1,054,926
Total Grants From All Sources	***$6,175,881***	***$410,644***	***$6,586,525***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$344,239	$97,264	$441,503
Athletic Scholarships:	$263,892	$738,618	$1,002,510
Total Scholarships From All Sources	**$608,131**	**$835,882**	**$1,444,013**
Loans			
Federal:	$15,861,604	$2,940,706	$18,802,311
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$0	$0	$0
Total Loans From All Sources	**$15,861,604**	**$2,940,706**	**$18,802,311**
Work-Study			
Federal:	$416,244	$60,015	$476,259
Institutional:	$825,267	$178,592	$1,003,859
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$1,241,511**	**$238,607**	**$1,480,118**
Other Aid			
State:	$112,121	$9,944	$122,065
Federal:	$38,980	$10,300	$49,280
Institutional:	$892,597	$223,398	$1,115,995
Endowment Funds:	$0	$0	$0
Other Sources:	$371,376	$16,848	$388,224
Total Other Aid From All Sources	**$1,415,074**	**$260,490**	**$1,675,564**
Total Financial Aid Distributed	**$25,302,202**	**$4,686,329**	**$29,988,531**

Source: SCHEV Financial Aid Data File, 1997-98.

Radford University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
6,000 +	$ 2,500	$ 1,800
5,000 - 5,999	$ 2,300	$ 1,600
4,000 - 4,999	$ 2,100	$ 1,400
3,000 - 3,999	$ 1,900	$ 1,200
2,000 - 2,999	$ -	$ -
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 10,172
off-campus living with parents	$ 7,032
off-campus living away from parents	$ 11,372

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Radford tries to provide at least the cost of tuition to as many VGAP-eligible students as possible. Students with $4,000 remaining need or greater receive VGAP awards that exceed tuition. By adhering to this philosophy, the neediest students do not receive awards significantly greater than do students in the less needy categories. Radford sets a relatively low maximum award so that it can offer larger awards to students in the $3,000 to $5,999 remaining need categories. Because of Radford's relatively low tuition, the administration believes a $1,200 grant can attract a student to the university. Commonwealth awards are $700 less than VGAP awards for each level of remaining need.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	254	306	314	
VGAP	13	105	160	
Total VSFAP	267	411	474	1,597

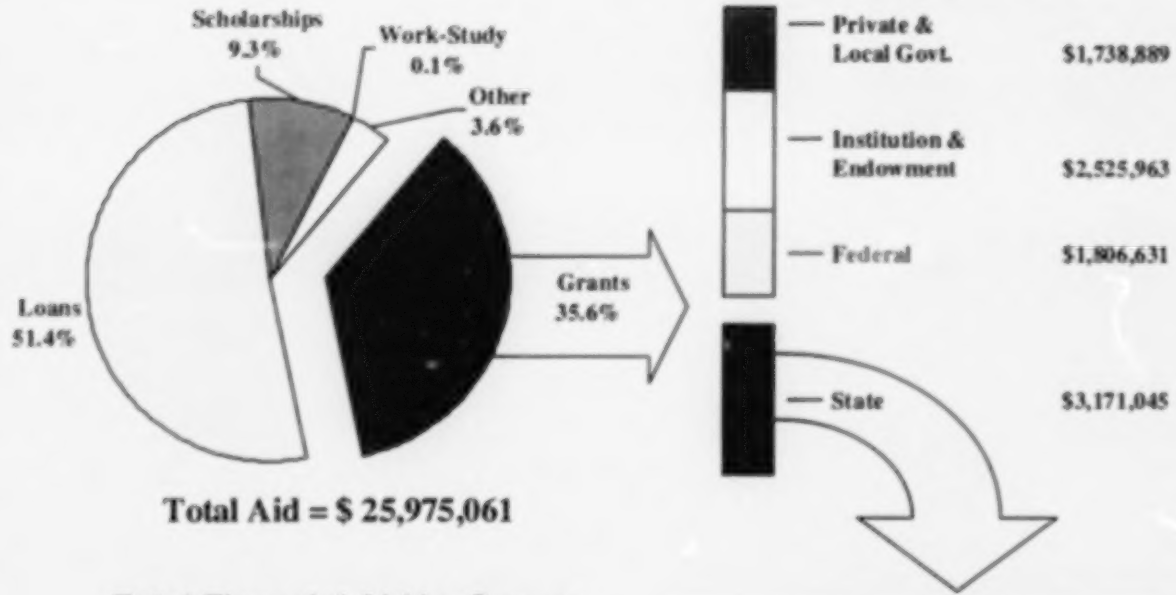
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

University of Virginia

Financial Aid to In-State Undergraduate Students (1997-98)

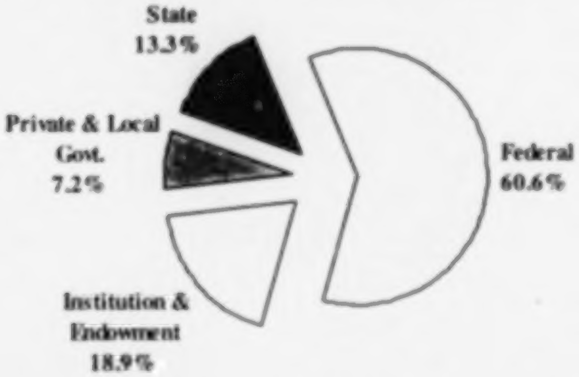
Total Financial Aid by Type

Grant Aid by Source



Total Aid = $ 25,975,061

Total Financial Aid by Source



State Grant Programs		
VSFAP	*$*	*2,980,545*
Commonwealth	$	925,513
VGAP	$	2,055,032
CSAP	$	128,000
VTG	$	13,000
Last Dollar	$	36,000
VAGUAP	$	13,500

Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

University of Virginia

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$925,513	$0	$925,513
VGAP	$2,055,032	$0	$2,055,032
Total VSFAP	*$2,980,545*	*$0*	*$2,980,545*
CSAP	$128,000	$0	$128,000
Last Dollar	$36,000	$0	$36,000
Virginia Transfer Grant	$13,000	$0	$13,000
Graduate and Undergraduate Assistance Program	$13,500	$7,000	$20,500
Total State Grants	*$3,171,045*	*$7,000*	*$3,178,045*
Federal:	$1,806,631	$1,300,862	$3,107,493
Institutional (Need-based):	$1,374,120	$6,026,844	$7,400,964
Endowment Funds (Need-based):	$1,151,843	$175,720	$1,327,563
Other Sources:	$1,738,889	$1,560,122	$3,299,010
Total Grants From All Sources	***$9,242,527***	***$9,070,548***	***$18,313,075***
Scholarships			
State (Virginia Scholars Program):	$52,500	$0	$52,500
Institutional:	$12,464	$2,773	$15,236
Endowment Funds:	$1,554,399	$463,502	$2,017,901
Athletic Scholarships:	$791,942	$3,734,704	$4,526,646
Total Scholarships From All Sources	**$2,411,304**	**$4,200,979**	**$6,612,283**
Loans			
Federal:	$13,224,796	$10,454,322	$23,679,118
Institutional:	$0	$0	$0
Endowment Funds:	$9,800	$0	$9,800
Private:	$119,286	$151,218	$270,504
Total Loans From All Sources	**$13,353,882**	**$10,605,540**	**$23,959,422**
Work-Study			
Federal:	$36,326	$431,660	$467,986
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$36,326**	**$431,660**	**$467,986**
Other Aid			
State:	$242,286	$107,050	$349,336
Federal:	$682,873	$1,162,825	$1,845,698
Institutional:	$5,861	$0	$5,861
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Other Aid From All Sources	**$931,020**	**$1,269,875**	**$2,200,895**
Total Financial Aid Distributed	**$25,975,059**	**$25,578,602**	**$51,553,661**

Source: SCHEV Financial Aid Data File, 1997-98.

University of Virginia

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
8,000 +	$ 5,300	$ 3,000
7,000 - 7,999	$ 3,500	$ 2,000
6,000 - 6,999	$ 1,500	$ 1,000
5,000 - 5,999	$ -	$ -
4,000 - 4,999	$ -	$ -
3,000 - 3,999	$ -	$ -
2,000 - 2,999	$ -	$ -
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -
Cost of Attendance		
on-campus		$ 11,860
off-campus living with parents		
off-campus living away from parents		$ 11,860

Source: SCHEV 1998-99 "S5 Report."

Rationale:

UVA indicates three remaining need categories for distributing VSFAP funds to students, but acknowledges that funding will normally enable the university to only offer awards to students in the neediest category ($8,000+). The financial aid administration at UVA believes this is the fairest way to distribute the limited amount of VSFAP funds that the university receives, since it has other institutional funds to offer students in the lower remaining need categories. The administration also believes this method of allocating all its VSFAP funds to the neediest students is the simplest to administer and the simplest for students to understand. The VGAP award for students in this neediest category is equal to tuition, fees, and a book allowance.

Variation Between Actual Awards and Award Schedule (1997-98):

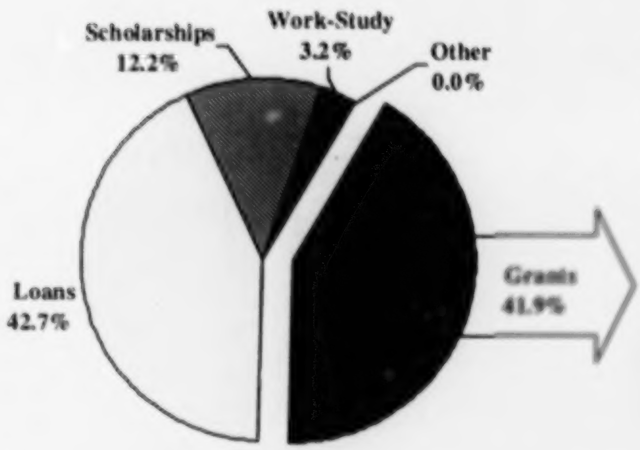
	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	98	2	213	
VGAP	82	12	299	
Total VSFAP	180	14	512	294

Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

The University of Virginia's College at Wise

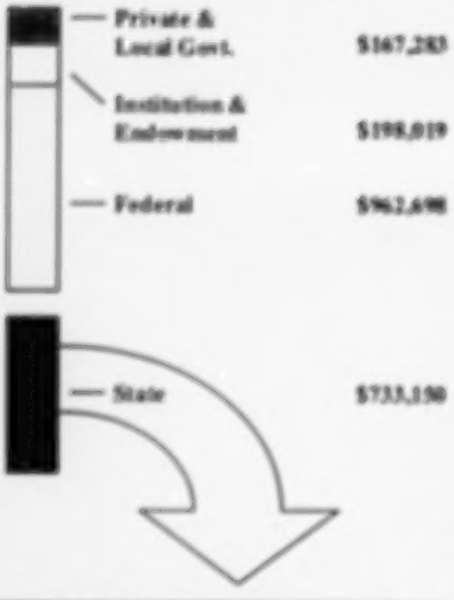
Financial Aid to In-State Undergraduate Students (1997-98)

Total Financial Aid by Type



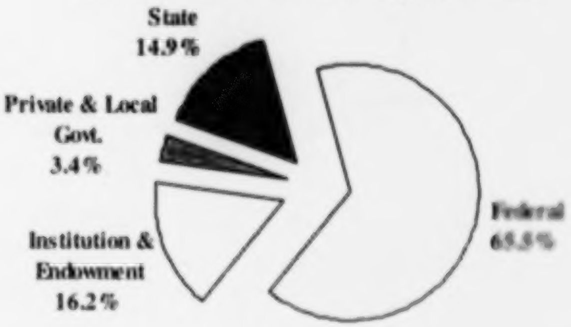
Total Aid = $ 4,918,988

Grant Aid by Source



State Grant Programs		
VSFAP	$	676,200
Commonwealth	$	364,769
VGAP	$	311,431
CSAP	$	49,000
VTG	$	4,000
Last Dollar	$	3,000
VAGUAP	$	950

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

University of Virginia

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99			
Remaining need $		Award Amounts	
		VGAP	Commonwealth
8,000 +		$ 5,300	$ 3,000
7,000 -	7,999	$ 3,500	$ 2,000
6,000 -	6,999	$ 1,500	$ 1,000
5,000 -	5,999	$ -	$ -
4,000 -	4,999	$ -	$ -
3,000 -	3,999	$ -	$ -
2,000 -	2,999	$ -	$ -
1,000 -	1,999	$ -	$ -
1 -	999	$ -	$ -
Cost of Attendance			
on-campus			$ 11,860
off-campus living with parents			
off-campus living away from parents			$ 11,860

Source: SCHEV 1998-99 "S5 Report."

Rationale:

UVA indicates three remaining need categories for distributing VSFAP funds to students, but acknowledges that funding will normally enable the university to only offer awards to students in the neediest category ($8,000+). The financial aid administration at UVA believes this is the fairest way to distribute the limited amount of VSFAP funds that the university receives, since it has other institutional funds to offer students in the lower remaining need categories. The administration also believes this method of allocating all its VSFAP funds to the neediest students is the simplest to administer and the simplest for students to understand. The VGAP award for students in this neediest category is equal to tuition, fees, and a book allowance.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specified	# Awards less than specified	# Awards equal to specified amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	98	2	213	
VGAP	82	12	299	
Total VSFAP	180	14	512	294

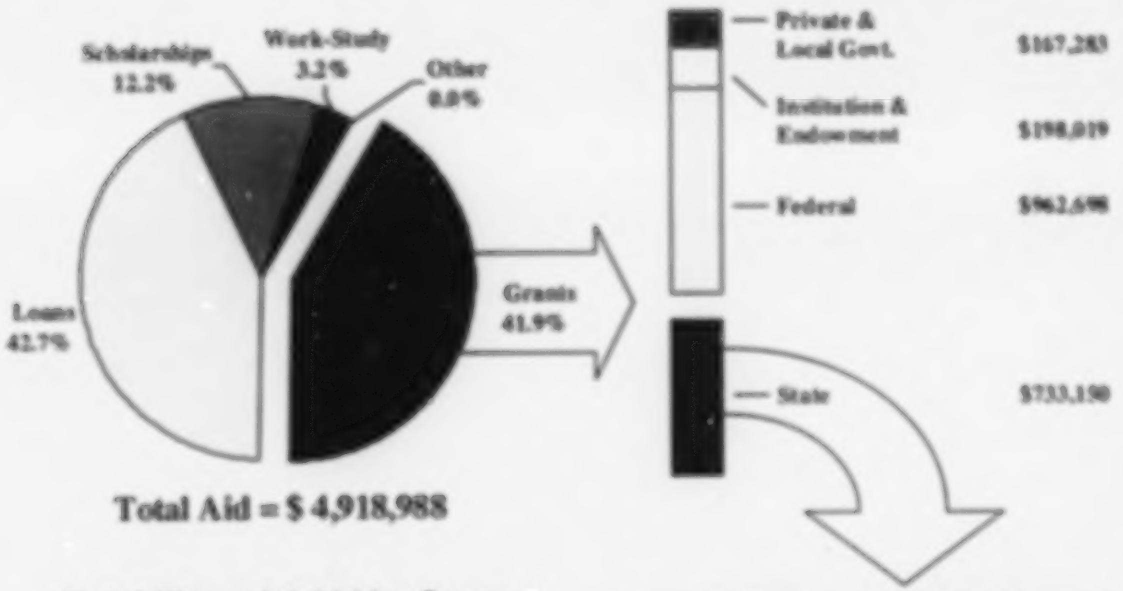
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

The University of Virginia's College at Wise

Financial Aid to In-State Undergraduate Students (1997-98)

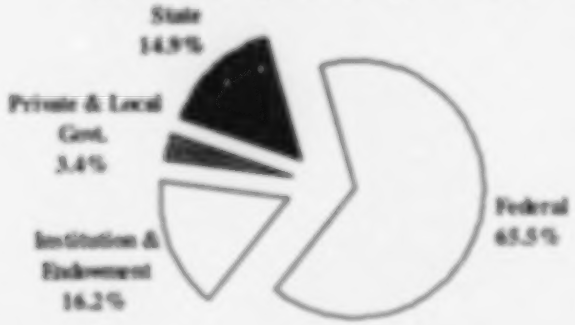
Total Financial Aid by Type

Grant Aid by Source



State Grant Programs		
VSFAP	*$*	*676,200*
Commonwealth	$	364,789
VGAP	$	311,431
CSAP	$	49,000
VTG	$	4,000
Last Dollar	$	3,000
VAGUAP	$	950

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

University of Virginia's College at Wise

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$364,769	$0	$364,769
VGAP	$311,431	$0	$311,431
Total VSFAP	*$676,200*	*$0*	*$676,200*
CSAP	$49,000	$0	$49,000
Last Dollar	$3,000	$0	$3,000
Virginia Transfer Grant	$4,000	$0	$4,000
Graduate and Undergraduate Assistance Program	$950	$0	$950
Total State Grants	*$733,150*	*$0*	*$733,150*
Federal:	$962,698	$126,771	$1,089,468
Institutional (Need-based):	$97,019	$19,867	$116,886
Endowment Funds (Need-based):	$101,000	$500	$101,500
Other Sources:	$167,283	$39,021	$206,304
Total Grants From All Sources	***$2,061,149***	***$186,159***	***$2,247,308***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$419,508	$17,778	$437,286
Athletic Scholarships:	$178,709	$37,838	$216,547
Total Scholarships From All Sources	**$598,217**	**$55,616**	**$653,833**
Loans			
Federal:	$2,100,032	$271,642	$2,371,673
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$0	$0	$0
Total Loans From All Sources	**$2,100,032**	**$271,642**	**$2,371,673**
Work-Study			
Federal:	$159,090	$26,293	$185,383
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$159,090**	**$26,293**	**$185,383**
Other Aid			
State:	$500	$0	$500
Federal:	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Other Aid From All Sources	**$500**	**$0**	**$500**
Total Financial Aid Distributed	**$4,918,988**	**$539,710**	**$5,458,698**

Source: SCHEV Financial Aid Data File, 1997-98.

The University of Virginia's College at Wise

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	**Award Amounts**	
$	VGAP	Commonwealth
6,000 +	$ 3,478	$ 2,368
5,000 - 5,999	$ 2,750	$ 2,250
4,000 - 4,999	$ 2,000	$ 1,750
3,000 - 3,999	$ 1,750	$ 1,250
2,000 - 2,999	$ 1,250	$ 1,000
1,000 - 1,999	$ 750	$ 500
500 - 999	$ 500	$ 250
1 - 499	$ -	$ -
Cost of Attendance		
on-campus		$ 10,217
off-campus living with parents		$ 7,685

Source: SCHEV 1998-99 "S5 Report."

Rationale:

The University of Virginia's College at Wise distributes aid down to $500 of remaining need partly as a recruiting tool and partly to provide assistance to students who must commute long distances to and from the campus. The neediest students will receive a VGAP award equal to tuition and fees or a Commonwealth award equal to tuition. VSFAP awards are distributed in a manner that keeps each need category at approximately the same percentage of remaining need.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	7	129	56	
VGAP	5	83	58	
Total VSFAP	12	212	114	312

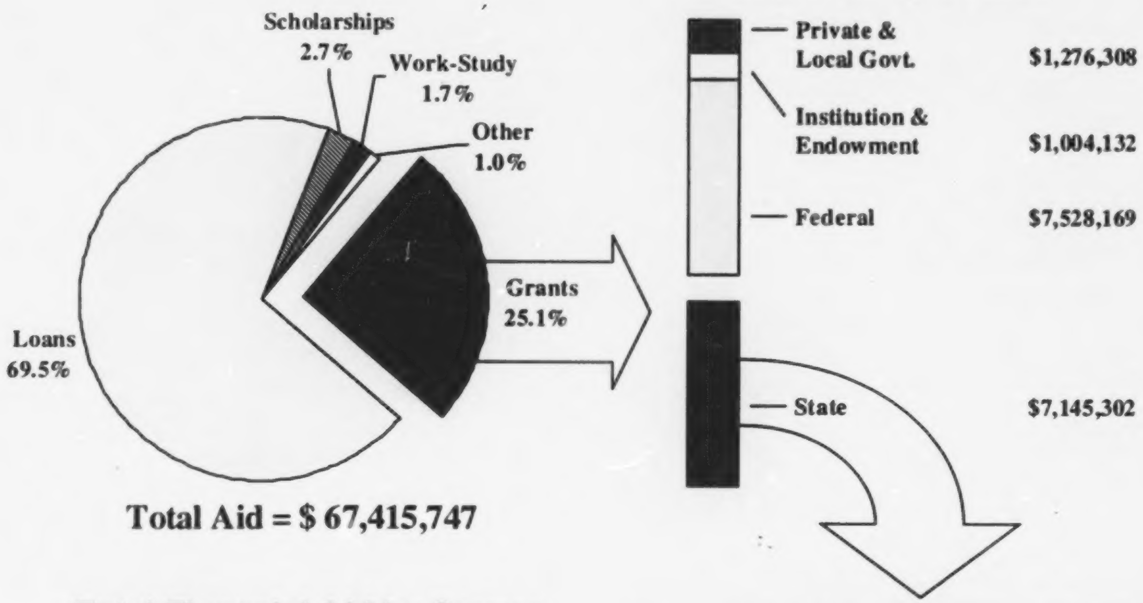
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Virginia Commonwealth University

Financial Aid to In-State Undergraduate Students (1997-98)

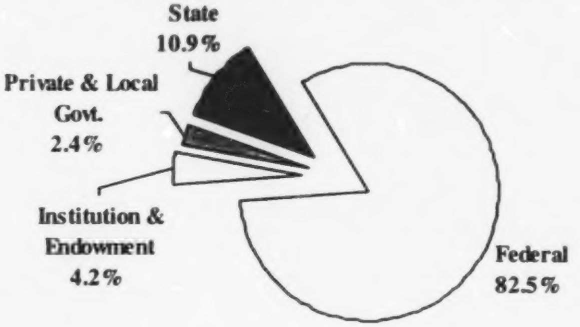
Total Financial Aid by Type

Grant Aid by Source



Total Aid = $ 67,415,747

Total Financial Aid by Source



State Grant Programs		
VSFAP	*$*	*6,416,242*
Commonwealth	$	3,990,396
VGAP	$	2,425,846
CSAP	$	453,000
VTG	$	219,000
Last Dollar	$	57,060
VAGUAP	$	-

Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

BEST COPY AVAILABLE

Virginia Commonwealth University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$3,990,396	$0	$3,990,396
VGAP	$2,425,846	$0	$2,425,846
Total VSFAP	*$6,416,242*	*$0*	*$6,416,242*
CSAP	$453,000	$0	$453,000
Last Dollar	$57,060	$0	$57,060
Virginia Transfer Grant	$219,000	$0	$219,000
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$7,145,302*	*$0*	*$7,145,302*
Federal:	$7,528,169	$406,869	$7,935,038
Institutional (Need-based):	$1,004,132	$110,364	$1,114,496
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$1,276,308	$427,752	$1,704,060
Total Grants From All Sources	***$16,953,910***	***$944,986***	***$17,898,896***
Scholarships			
State (Virginia Scholars Program):	$6,000	$0	$6,000
Institutional:	$1,386,120	$144,109	$1,530,229
Endowment Funds:	$90,687	$20,810	$111,497
Athletic Scholarships:	$311,075	$1,068,287	$1,379,362
Total Scholarships From All Sources	**$1,793,882**	**$1,233,205**	**$3,027,088**
Loans			
Federal:	$46,597,946	$2,287,016	$48,884,962
Institutional:	$29,497	$9,704	$39,200
Endowment Funds:	$0	$0	$0
Private:	$216,962	$79,655	$296,617
Total Loans From All Sources	**$46,844,404**	**$2,376,375**	**$49,220,779**
Work-Study			
Federal:	$1,128,634	$84,573	$1,213,207
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$1,128,634**	**$84,573**	**$1,213,207**
Other Aid			
State:	$170,797	$0	$170,797
Federal:	$386,902	$66,198	$453,100
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$137,216	$23,413	$160,629
Total Other Aid From All Sources	**$694,915**	**$89,611**	**$784,525**
Total Financial Aid Distributed	**$67,415,746**	**$4,728,749**	**$72,144,495**

Source: SCHEV Financial Aid Data File, 1997-98.

Virginia Commonwealth University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
11,000 +	$ 3,600*	N/A
10,000 - 10,999	$ 2,180	$ 1,950
9,000 - 9,999	$ 1,990	$ 1,780
8,000 - 8,999	$ 1,800	$ 1,610
7,000 - 7,999	$ 1,610	$ 1,440
6,000 - 6,999	$ 1,420	$ 1,270
5,000 - 5,999	$ 1,230	$ 1,100
4,000 - 4,999	$ 1,040	$ 930
3,000 - 3,999	$ 850	$ 760
2,000 - 2,999	$ 660	$ 590
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

* Students with zero EFC get maximum VGAP award.

Cost of Attendance	
on-campus	$ 14,286
off-campus living with parents	$ 10,176
off-campus living away from parents	$ 14,286

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Since VCU does not have much institutional aid to offer students, the university divides VSFAP money proportionally among eligible students. Neediest VGAP-eligible students receive tuition plus approximately one-half of fees. All other students with remaining need of at least $2,000 will receive an award proportional to remaining need. The majority of these students will receive VGAP award covering 19 percent of remaining need or a Commonwealth award covering 17 percent of remaining need.

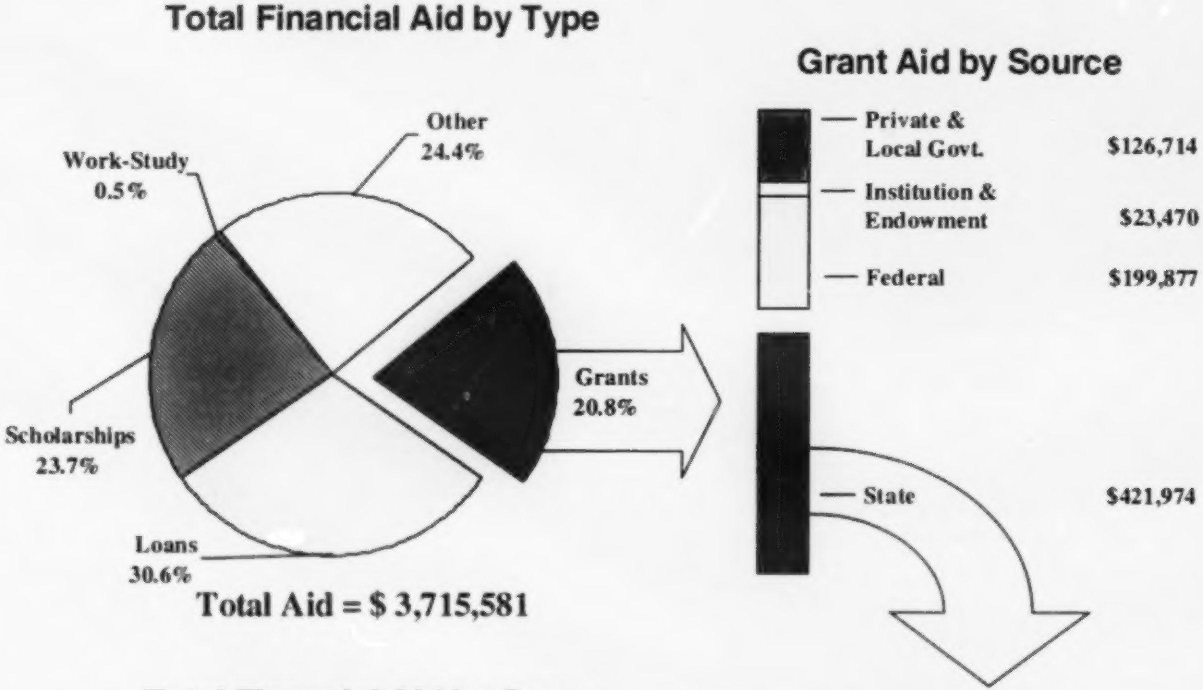
Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	125	189	1,685	
VGAP	229	747	217	
Total VSFAP	354	936	1,902	1,983

Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Virginia Military Institute

Financial Aid to In-State Undergraduate Students (1997-98)

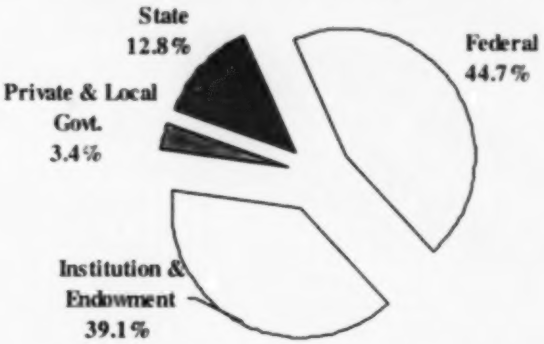


Total Financial Aid by Type

Grant Aid by Source

State Grant Programs		
VSFAP	*$*	*393,974*
Commonwealth	$	205,581
VGAP	$	188,393
CSAP	$	25,000
VTG	$	-
Last Dollar	$	3,000
VAGUAP	$	-

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

127

Virginia Military Institute

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$205,581	$0	$205,581
VGAP	$188,393	$0	$188,393
Total VSFAP	*$393,974*	*$0*	*$393,974*
CSAP	$25,000	$0	$25,000
Last Dollar	$3,000	$0	$3,000
Virginia Transfer Grant	$0	$0	$0
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$421,974*	*$0*	*$421,974*
Federal:	$199,877	$254,924	$454,801
Institutional (Need-based):	$9,570	$154,550	$164,120
Endowment Funds (Need-based):	$13,900	$50,600	$64,500
Other Sources:	$126,714	$142,620	$269,334
Total Grants From All Sources	***$772,035***	***$602,694***	***$1,374,728***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$70,558	$207,043	$277,601
Endowment Funds:	$278,022	$502,567	$780,589
Athletic Scholarships:	$531,745	$671,519	$1,203,264
Total Scholarships From All Sources	**$880,324**	**$1,381,129**	**$2,261,453**
Loans			
Federal:	$1,132,833	$1,233,988	$2,366,821
Institutional:	$0	$0	$0
Endowment Funds:	$3,646	$0	$3,646
Private:	$0	$0	$0
Total Loans From All Sources	**$1,136,479**	**$1,233,988**	**$2,370,467**
Work-Study			
Federal:	$10,085	$21,392	$31,477
Institutional:	$0	$0	$0
Endowment Funds:	$9,700	$4,000	$13,700
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$19,785**	**$25,392**	**$45,177**
Other Aid			
State:	$52,227	$0	$52,227
Federal:	$318,198	$946,255	$1,264,453
Institutional:	$8,905	$15,510	$24,415
Endowment Funds:	$527,627	$728,887	$1,256,514
Other Sources:	$0	$0	$0
Total Other Aid From All Sources	**$906,957**	**$1,690,652**	**$2,597,608**
Total Financial Aid Distributed	**$3,715,578**	**$4,933,855**	**$8,649,433**

Source: SCHEV Financial Aid Data File, 1997-98.

Virginia Military Institute

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99

Remaining need	Award Amounts	
$	VGAP	Commonwealth
12,000 +	$ 6,050	$ 5,250
11,000 - 11,999	$ 5,525	$ 5,000
10,000 - 10,999	$ 5,000	$ 4,750
9,000 - 9,999	$ 4,500	$ 4,250
8,000 - 8,999	$ 4,000	$ 3,750
7,000 - 7,999	$ 3,500	$ 3,250
6,000 - 6,999	$ 2,500	$ 2,250
5,000 - 5,999	$ 1,500	$ 1,250
4,000 - 4,999	$ 1,325	$ 1,000
3,000 - 3,999	$ 750	$ 500
2,000 - 2,999	$ 500	$ -
1,000 - 1,999	$ -	$ -
1 - 999	$ -	$ -

Cost of Attendance	
on-campus	$ 12,525
off-campus living with parents	
off-campus living away from parents	

Source: SCHEV 1998-99 "S5 Report."

Rationale:

VMI's award schedule is designed to meet State guidelines, and to provide the institution with a framework "it can live with." VMI provides VGAP awards down to $2,000 in remaining need in order to provide as many VGAP awards as possible. VMI has significant endowment funds from which the institute can package aid along with VSFAP awards. The maximum VGAP award in 1998-99 was equal to slightly less than tuition and fees at VMI.

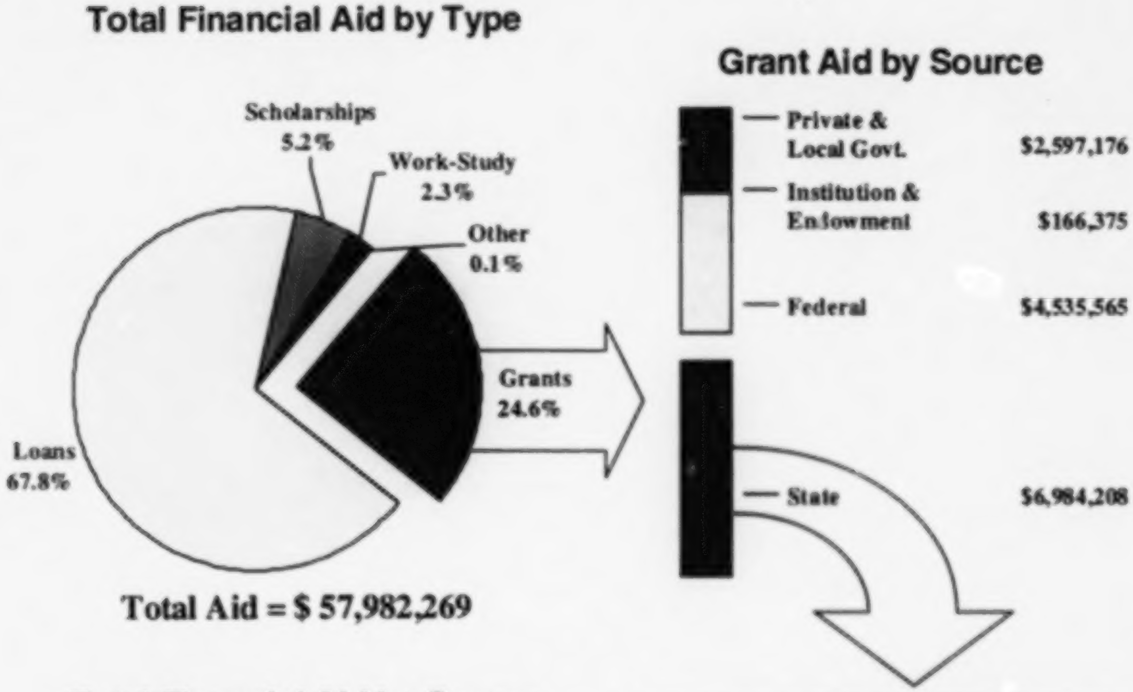
Variation Between Actual Awards and Award Schedule (1997-98):

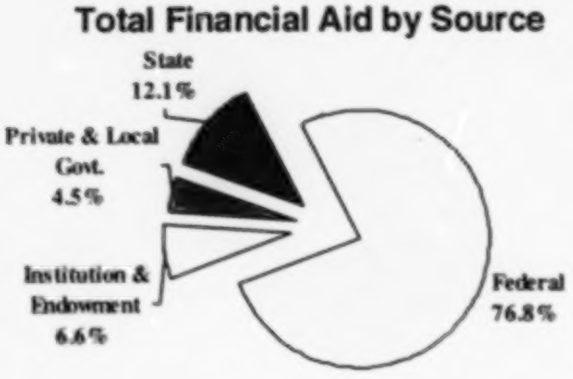
	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	8	51	2	
VGAP	13	19	13	
Total VSFAP	21	70	15	145

Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Virginia Polytechnic Institute and State University

Financial Aid to In-State Undergraduate Students (1997-98)





State Grant Programs		
VSFAP	*$*	*6,570,812*
Commonwealth	$	4,387,456
VGAP	$	2,183,356
CSAP	$	335,000
VTG	$	9,600
Last Dollar	$	47,000
VAGUAP	$	21,796

Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Virginia Polytechnic Institute and State University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$4,387,456	$0	$4,387,456
VGAP	$2,183,356	$0	$2,183,356
Total VSFAP	*$6,570,812*	*$0*	*$6,570,812*
CSAP	$335,000	$0	$335,000
Last Dollar	$47,000	$0	$47,000
Virginia Transfer Grant	$9,600	$0	$9,600
Graduate and Undergraduate Assistance Program	$21,796	$19,326	$41,123
Total State Grants	*$6,984,208*	*$19,326*	*$7,003,535*
Federal:	$4,535,565	$1,385,599	$5,921,164
Institutional (Need-based):	$166,375	$1,085,902	$1,252,277
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$2,597,176	$2,929,150	$5,526,326
Total Grants From All Sources	***$14,283,324***	***$5,419,978***	***$19,703,302***
Scholarships			
State (Virginia Scholars Program):	$10,500	$0	$10,500
Institutional:	$56,700	$54,000	$110,700
Endowment Funds:	$2,049,713	$1,830,984	$3,880,697
Athletic Scholarships:	$904,967	$2,167,289	$3,072,256
Total Scholarships From All Sources	**$3,021,880**	**$4,052,273**	**$7,074,153**
Loans			
Federal:	$39,294,130	$15,355,093	$54,649,223
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$0	$0	$0
Total Loans From All Sources	**$39,294,130**	**$15,355,093**	**$54,649,223**
Work-Study			
Federal:	$652,037	$270,182	$922,218
Institutional:	$664,931	$165,577	$830,508
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$1,316,968**	**$435,758**	**$1,752,726**
Other Aid			
State:	$11,000	$0	$11,000
Federal:	$54,967	$0	$54,967
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Other Aid From All Sources	**$65,967**	**$0**	**$65,967**
Total Financial Aid Distributed	**$57,982,269**	**$25,263,102**	**$83,245,371**

Source: SCHEV Financial Aid Data File, 1997-98.

Virginia Polytechnic Institute and State University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	**Award Amounts**	
$	VGAP	Commonwealth
7,000 +	$ 4,306	$ 2,400
6,000 - 6,999	$ 2,900	$ 2,100
5,000 - 5,999	$ 2,600	$ 1,800
4,000 - 4,999	$ 2,050	$ 1,800
3,000 - 3,999	$ 1,750	$ 1,500
2,000 - 2,999	$ 1,450	$ 1,200
1,500 - 1,999	$ 1,250	$ 1,000
1 - 1,499	$ -	$ -
Cost of Attendance		
on-campus		$ 15,212
off-campus living with parents		$ 13,108
off-campus living away from parents		$ 15,830

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Virginia Tech's award schedule for 1998-99 provided tuition and fees to VGAP-eligible students in the neediest category ($7,000+). VGAP Students with $5,000 or more in remaining need received $800 more than their Commonwealth counterparts – the difference being the estimated cost of books. The difference between VGAP and Commonwealth awards at the lower levels of remaining need was $250.

Virginia Tech implemented a new award schedule in 1999-00, which keeps a proportionally consistent percentage of remaining need covered by financial aid.

Variation Between Actual Awards and Award Schedule (1997-98):

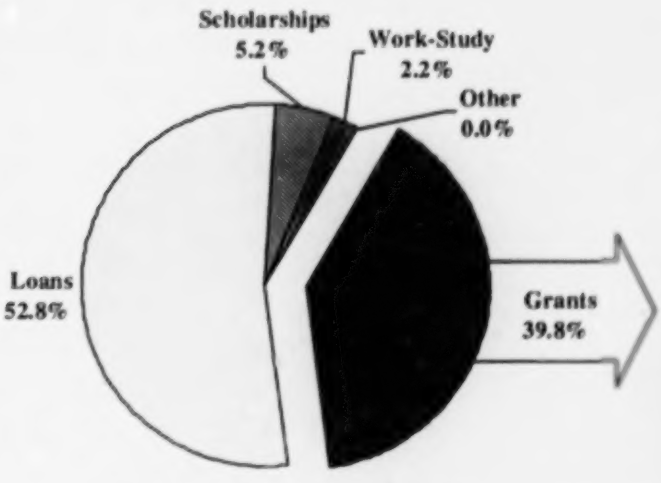
	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	67	2,268	307	
VGAP	17	194	391	
Total VSFAP	84	2,462	698	2,641

Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Virginia State University

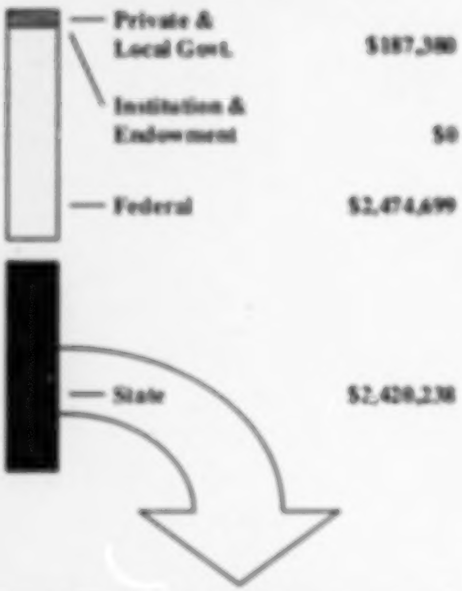
Financial Aid to In-State Undergraduate Students (1997-98)

Total Financial Aid by Type



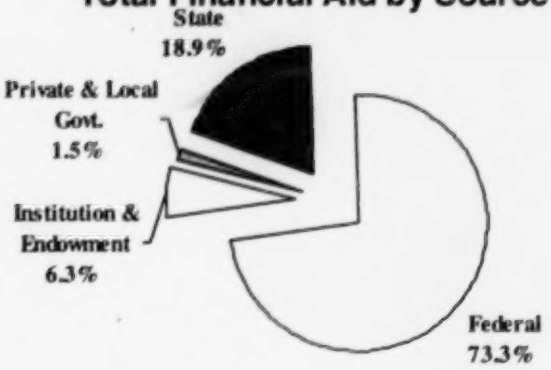
Total Aid = $ 12,780,621

Grant Aid by Source



State Grant Programs		
VSFAP	$	2,195,586
Commonwealth	$	1,690,834
VGAP	$	504,752
CSAP	$	131,000
VTG	$	39,307
Last Dollar	$	50,000
VAGUAP	$	4,345

Total Financial Aid by Source



Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Virginia State University

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$1,690,834	$0	$1,690,834
VGAP	$504,752	$0	$504,752
Total VSFAP	*$2,195,586*	*$0*	*$2,195,586*
CSAP	$131,000	$0	$131,000
Last Dollar	$50,000	$0	$50,000
Virginia Transfer Grant	$39,307	$0	$39,307
Graduate and Undergraduate Assistance Program	$4,345	$0	$4,345
Total State Grants	*$2,420,238*	*$0*	*$2,420,238*
Federal:	$2,474,699	$1,854,617	$4,329,316
Institutional (Need-based):	$0	$0	$0
Endowment Funds (Need-based):	$0	$0	$0
Other Sources:	$187,380	$164,344	$351,724
Total Grants From All Sources	***$5,082,317***	***$2,018,961***	***$7,101,278***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$454,139	$304,378	$758,516
Endowment Funds:	$0	$0	$0
Athletic Scholarships:	$207,067	$145,835	$352,902
Total Scholarships From All Sources	**$661,206**	**$450,213**	**$1,111,418**
Loans			
Federal:	$6,751,753	$6,570,381	$13,322,134
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$0	$0	$0
Total Loans From All Sources	**$6,751,753**	**$6,570,381**	**$13,322,134**
Work-Study			
Federal:	$140,297	$305,076	$445,373
Institutional:	$142,048	$123,559	$265,607
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$282,345**	**$428,635**	**$710,980**
Other Aid			
State:	$0	$0	$0
Federal:	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$3,000	$38,240	$41,240
Total Other Aid From All Sources	**$3,000**	**$38,240**	**$41,240**
Total Financial Aid Distributed	**$12,780,621**	**$9,506,429**	**$22,287,050**

Source: SCHEV Financial Aid Data File, 1997-98.

Virginia State University

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	Award Amounts	
$	VGAP	Commonwealth
7,000 +	$ 3,307	$ 3,000
6,000 - 6,999	$ 3,000	$ 2,750
5,000 - 5,999	$ 2,750	$ 2,500
4,000 - 4,999	$ 2,500	$ 2,250
3,000 - 3,999	$ 2,250	$ 2,000
2,000 - 2,999	$ 2,000	$ 1,500
1,000 - 1,999	$ 1,500	$ 1,000
1 - 999	$ -	$ -
Cost of Attendance		
on-campus		$ 9,767
off-campus living with parents		$ 7,557
off-campus living away from parents		$ 9,767

Source: SCHEV 1998-99 "S5 Report."

Rationale:

Virginia State designed a schedule that the administration believes to be consistent and equitable. For each level of remaining need, the VGAP award is equal to the Commonwealth award at the next highest level. The administration believes the schedule rewards merit while keeping a level playing field. The maximum VGAP award is equal to tuition, fees, and a book allowance.

Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specified	# Awards less than specified	# Awards equal to specified amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	70	323	256	
VGAP	42	68	74	
Total VSFAP	112	391	330	563

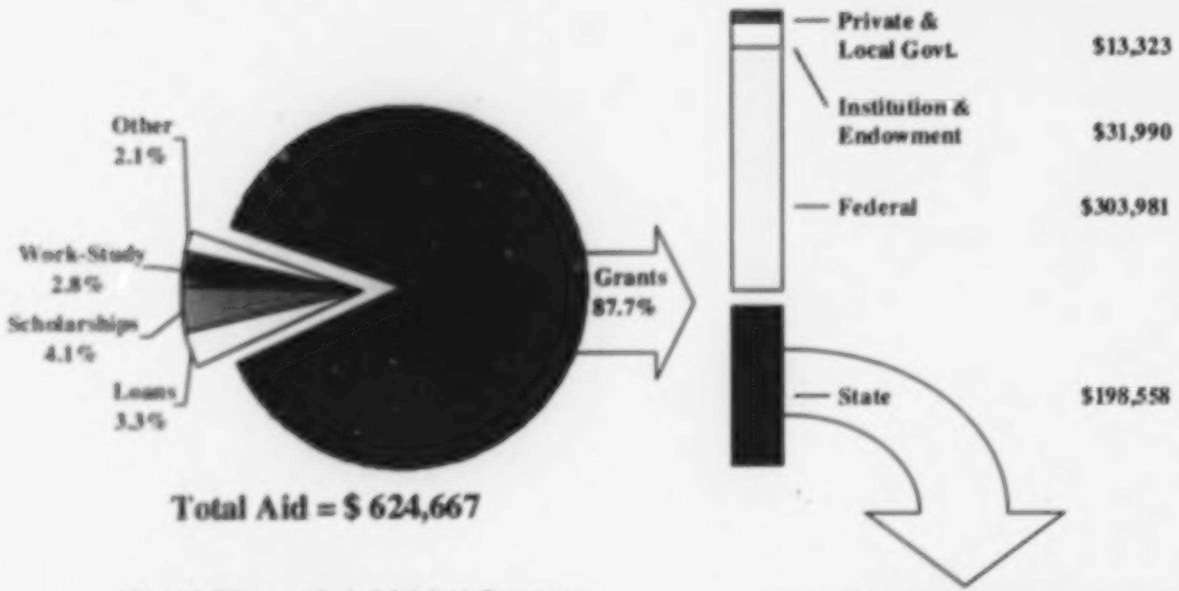
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Richard Bland College

Financial Aid to In-State Undergraduate Students (1997-98)

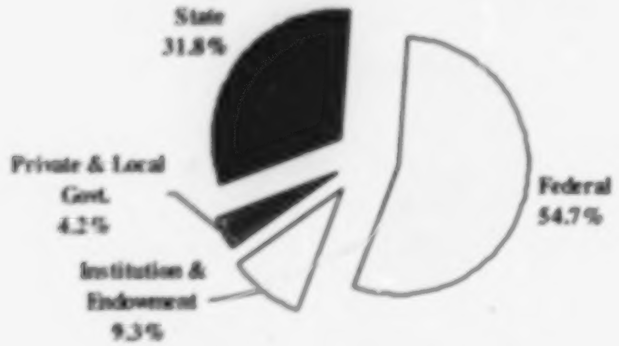
Total Financial Aid by Type

Grant Aid by Source



Total Aid = $ 624,667

Total Financial Aid by Source



State Grant Programs		
VSFAP	*$*	*181,558*
Commonwealth	$	151,558
VGAP	$	30,000
CSAP	$	14,000
VTG	$	-
Last Dollar	$	3,000
VAGUAP	$	-

Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Richard Bland College

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$151,558	$0	$151,558
VGAP	$30,000	$0	$30,000
Total VSFAP	*$181,558*	*$0*	*$181,558*
CSAP	$14,000	$0	$14,000
Last Dollar	$3,000	$0	$3,000
Virginia Transfer Grant	$0	$0	$0
Graduate and Undergraduate Assistance Program	$0	$0	$0
Total State Grants	*$198,558*	*$0*	*$198,558*
Federal:	$303,981	$825	$304,806
Institutional (Need-based):	$9,390	$23,131	$32,521
Endowment Funds (Need-based):	$22,600	$0	$22,600
Other Sources:	$13,323	$0	$13,323
Total Grants From All Sources	***$547,852***	***$23,956***	***$571,808***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$25,890	$0	$25,890
Athletic Scholarships:	$0	$0	$0
Total Scholarships From All Sources	**$25,890**	**$0**	**$25,890**
Loans			
Federal:	$20,395	$9,500	$29,895
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Private:	$0	$0	$0
Total Loans From All Sources	**$20,395**	**$9,500**	**$29,895**
Work-Study			
Federal:	$17,540	$0	$17,540
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$17,540**	**$0**	**$17,540**
Other Aid			
State:	$0	$0	$0
Federal:	$0	$0	$0
Institutional:	$0	$0	$0
Endowment Funds:	$0	$0	$0
Other Sources:	$12,990	$0	$12,990
Total Other Aid From All Sources	**$12,990**	**$0**	**$12,990**
Total Financial Aid Distributed	**$624,667**	**$33,456**	**$658,123**

Source: SCHEV Financial Aid Data File, 1997-98.

Richard Bland College

Award Schedules for Virginia Guaranteed Assistance Program and Commonwealth Award

Proposed Award Schedule 1998-99		
Remaining need	**Award Amounts**	
$	VGAP	Commonwealth
2,800 +	$600 - $2,140	$500 - $2,040
2,000 - 2,799	$ 1,750	$ 1,500
1,250 - 1,999	$ 1,250	$ 1,000
500 - 1,249	$ 750	$ 500
1 - 499	$ -	$ -
Cost of Attendance		
on-campus		
off-campus living with parents		$ 5,740
off-campus living away from parents		$ 6,740

Source: SCHEV 1998-99 "S5 Report."

Rationale:

As a two-year college, Richard Bland is afforded some flexibility in its proportionate award schedule for VSFAP grants. Because tuition is low and the Pell Grant covers costs in excess of tuition, Richard Bland (and the community colleges) can adjust awards for the neediest students to allow for a more equitable distribution when considering both state and federal aid. The administration at Richard Bland tries to make awards proportionate to the remaining need of all students. The maximum Commonwealth award is equal to tuition and fees, while the maximum VGAP award is equal to tuition and fees plus $100.

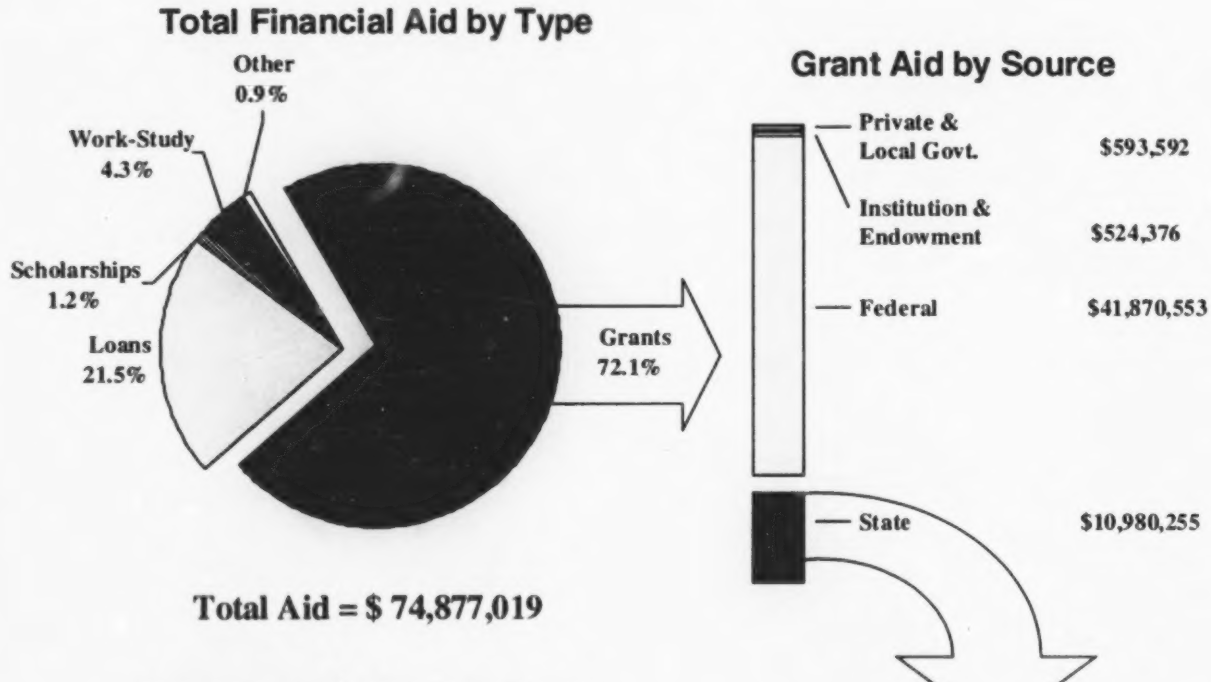
Variation Between Actual Awards and Award Schedule (1997-98):

	# Awards greater than specifed	# Awards less than specifed	# Awards equal to specifed amount +/- $100	# Eligible students receiving no VSFAP award
Commonwealth	2	24	61	
VGAP	1	2	18	
Total VSFAP	3	26	79	45

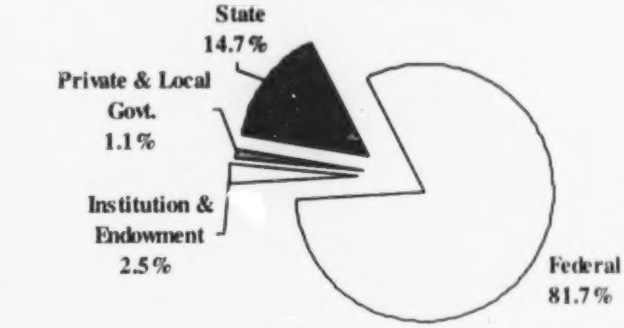
Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Virginia Community College System

Financial Aid to In-State Undergraduate Students (1997-98)



Total Financial Aid by Source



State Grant Programs		
VSFAP	*$*	*9,226,636*
Commonwealth	$	8,306,850
VGAP	$	919,786
CSAP	$	1,548,273
VTG	$	-
Last Dollar	$	202,261
VAGUAP	$	3,085

Source: JLARC staff analysis of 1997-98 student financial aid data from the State Council of Higher Education for Virginia.

Virginia Community College System

Detail of Financial Aid Awarded by Type and Source (1997-98)

	In-State	Out-of-State	Total
Grants			
State:			
Commonwealth Award	$8,306,851	$450	$8,307,301
VGAP	$919,785	$0	$919,785
Total VSFAP	*$9,226,636*	*$450*	*$9,227,086*
CSAP	$1,548,272	$0	$1,548,272
Last Dollar	$202,261	$0	$202,261
Virginia Transfer Grant	$0	$0	$0
Graduate and Undergraduate Assistance Program	$3,085	$0	$3,085
Total State Grants	*$10,980,254*	*$450*	*$10,980,704*
Federal:	$41,870,552	$1,039,847	$42,910,399
Institutional (Need-based):	$486,399	$336	$486,735
Endowment Funds (Need-based):	$37,977	$6,272	$44,249
Other Sources:	$593,593	$46,100	$639,693
Total Grants From All Sources	***$53,968,776***	***$1,093,005***	***$55,061,781***
Scholarships			
State (Virginia Scholars Program):	$0	$0	$0
Institutional:	$422,369	$15,897	$438,266
Endowment Funds:	$491,245	$6,620	$497,866
Athletic Scholarships:	$0	$0	$0
Total Scholarships From All Sources	**$913,615**	**$22,517**	**$936,132**
Loans			
Federal:	$15,837,222	$1,055,121	$16,892,343
Institutional:	$32,308	$75	$32,383
Endowment Funds:	$240,539	$29,429	$269,968
Private:	$1,582	$0	$1,582
Total Loans From All Sources	**$16,111,650**	**$1,084,625**	**$17,196,275**
Work-Study			
Federal:	$3,134,214	$50,970	$3,185,184
Institutional:	$77,385	$0	$77,385
Endowment Funds:	$0	$0	$0
Other Sources:	$0	$0	$0
Total Work-Study From All Sources	**$3,211,600**	**$50,970**	**$3,262,570**
Other Aid			
State:	$42,019	$0	$42,019
Federal:	$304,600	$4,509	$309,109
Institutional:	$1,166	$0	$1,166
Endowment Funds:	$62,213	$0	$62,213
Other Sources:	$261,380	$3,377	$264,757
Total Other Aid From All Sources	**$671,378**	**$7,885**	**$679,264**
Total Financial Aid Distributed	**$74,877,019**	**$2,259,003**	**$77,136,022**

Source: SCHEV Financial Aid Data File, 1997-98.

Virginia Community College System

VGAP and Commonwealth Award Schedules. 1998-99

Blue Ridge CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,000 +	$ 1,600	$200 - $1,300
2,000 - 2,999	$ 1,500	$ 1,200
1,000 - 1,999	$ 1,000	$ 900
1 - 999	$ -	$ -

Central Virginia CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
2,900 +	$ 1,600	$200 - $1,400
1,900 - 2,899	$ 1,500	$ 1,300
1,000 - 1,899	$ 1,000	$ 900
1 - 999	$ -	$ -

Dabney S. Lancaster CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,000 +	$ 1,625	$ 1,161
3,000 - 3,999	$ 1,625	$ 903
2,000 - 2,999	$ 1,160	$ 645
1000 - 1999	$ 696	$ 387
1 - 999	$ -	$ -

Danville CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,500 +	$ 1,940	$ 1,640
4,000 - 4,499	$ 1,840	$ 1,600
3,000 - 3,999	$ 1,800	$ 1,500
2,000 - 2,999	$ 1,500	$ 1,200
1,500 - 1,999	$ 1,200	$ 900
900 - 1499	$ 800	$ 500
1 - 899	$ -	$ -

Eastern Shore CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
6,000 +	$ 1,576	$ 1,376
5,000 - 5,999	$ 1,476	$ 1,276
4,000 - 4,999	$ 1,376	$ 1,176
3,000 - 3,999	$ 1,276	$ 1,076
2,000 - 2,999	$ 1,176	$ 976
1000 - 1999	$ 1,076	$ -
1 - 999	$ -	$ -

Germanna CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
5,000 +	$ 1,650	$ 1,450
4,000 - 4,999	$ 1,350	$ 1,150
3,000 - 3,999	$ 1,050	$ 800
2,000 - 2,999	$ 750	$ 550
1,000 - 1,999	$ 600	$ 400
1 - 999	$ -	$ -

J. Sargeant Reynolds CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,000 +	$400 - $1,900	$200 - $1,472
3,000 - 3,999	$ 1,600	$ 1,400
2,000 - 2,999	$ 1,200	$ 1,000
1,000 - 1,999	$ 700	$ 500.00
1 - 999	$ -	$ -

John Tyler CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,000 +	$400 - $2,000	$200 - $1,500
3,000 - 3,999	$ 1,000	$ 900
2,000 - 2,999	$ 900	$ 800
1,000 - 1,999	$ 800	$ 700
1 - 999	$ -	$ -

Lord Fairfax CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
7,000 +	$ 1,300	$ 1,000
6,000 - 6,999	$ 1,200	$ 1,000
5,000 - 5,999	$ 1,100	$ 900
4,000 - 4,999	$ 1,000	$ 900
3,000 - 3,999	$ 900	$ 800
2,000 - 2,999	$ 500	$ 750
1 - 1,999	$ -	$ -

Mountain Empire CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,000 +	$ 1,250	$200 - $1,200
2,000 - 2,999	$ 1,050	$ 1,040
1,000 - 1,999	$ 710	$ 700
500 - 999	$ 400	$ 200
1 - 499	$ -	$ -

New River CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,000 +	$ 1,250	$200 - $1,200
2,000 - 2,999	$ 1,050	$ 1,000
1,000 - 1,999	$ 750	$ 700
500 - 999	$ 400	$ 200
1 - 499	$ -	$ -

Northern Virginia CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
6,000 +	$1,400 - $1,600	$200 - $900
5,000 - 5,999	$ 1,344	$ 800
4,000 - 4,999	$ 1,200	$ 800
3,000 - 3,999	$ 1,100	$ 700
2,000 - 2,999	$ 1,000	$ 700
1,000 - 1,999	$ 900	$ 600
1 - 999	$ -	$ -

BEST COPY AVAILABLE

Virginia Community College System

VGAP and Commonwealth Award Schedules. 1998-99 (continued)

Patrick Henry CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,000 +	$ 1,588	$ 1,154
3,000 - 3,999	$ 1,400	$ 1,150
2,000 - 2,999	$ 1,150	$ 850
1,000 - 1,999	$ 850	$ 540
500 - 999	$ 500	$ 260
1 - 499	$ -	$ -

Paul D. Camp CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,000 +	$ 2,020	$ 1,720
3,000 - 3,999	$ 1,730	$ 1,430
2,000 - 2,999	$ 1,450	$ 1,150
1,000 - 1,999	$ 1,150	$ 900
500 - 999	$ 900	$ 600
1 - 499	$ -	$ -

Piedmont Virginia CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,000 +	$600 - $1,540	$400 - $1,140
2,000 - 3,999	$ 1,140	$ 1,000
1,000 - 1,999	$ 1,000	$ 880
1 - 499	$ -	$ -

Rappahannock CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,000 -	$400 - $1,460	$200 - $1,160
2,000 - 2,999	$ 1,300	$ 1,000
1,000 - 1,999	$ 1,250	$ 900
1 - 999	$ -	$ -

Southside CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,001 -	$ 2,287	$200 - $1,787
1,935 - 3,000	$ 1,789	$ 1,489
1,001 - 1,934	$ 1,500	$ 1,200
501 - 1,000	$ 900	$ 600
1 - 500	$ -	$ -

Southwest CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,000 -	$ 1,470	$ 1,460
2,000 - 2,999	$ 1,373	$ 1,144
1,000 - 1,999	$ 910	$ 900
500 - 999	$ 660	$ 650
1 - 499	$ -	$ -

Source: SCHEV 1998-99 "S5 Reports."

Thomas Nelson CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
4,000 +	$ 1,952	$ 1,452
3,000 - 3,999	$ 1,500	$ 1,200
2,000 - 2,999	$ 1,000	$ 800
1,000 - 1,999	$ 500	$ 400
1 - 999	$ -	$ -

Tidewater CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
5,000 +	$400 - $1,500	$200 - $1,400
4,000 - 4,999	$ 1,400	$ 1,000
3,000 - 3,999	$ 1,300	$ 800
2,000 - 2,999	$ 1,200	$ 600
1,000 - 1,999	$ 1,100	$ 400
1 - 999	$ -	$ -

Virginia Highlands CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,000 +	$400 - $1,355	$200 - $1,155
2,000 - 2,999	$ 1,165	$ 1,155
1,000 - 1,999	$ 810	$ 800
500 - 999	$ 410	$ 400
1 - 499	$ -	$ -

Virginia Western CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
6,000 +	$ 1,400	$200 - $1,000
2,000 - 2,999	$ 1,200	$ 1,000
1,000 - 1,999	$ 1,100	$ 900
2,000 - 2,999	$ 1,000	$ 800
1,000 - 1,999	$ 900	$ 700
500 - 999	$ 800	$ 600
1 - 499	$ -	$ -

Wytheville CC

Remaining need $	Award Amounts	
	VGAP	Commonwealth
3,000 +	$ 1,250	$200 - $1,200
2,000 - 2,999	$ 1,050	$ 1,040
1,000 - 1,999	$ 710	$ 700
500 - 999	$ 400	$ 200
1 - 499	$ -	$ -

BEST COPY AVAILABLE

Virginia Community College System

Costs of Attendance Used in Financial Need Analysis. 1998-99

Community College	Cost of Attendance	
	with parents	without parents
Blue Ridge	$ 5,577	$ 7,877
Central Virginia	$ 6,300	$ 8,900
Dabney S. Lancaster	$ 6,227	$ 9,057
Danville	$ 6,368	$ 9,184
Eastern Shore	$ 6,192	$ 7,611
Germanna	$ 8,850	$ 8,850
J. Sargeant Reynolds	$ 7,472	$ 7,472
John Tyler	$ 5,008	$ 8,608
Lord Fairfax	$ 6,247	$ 9,552
Mountain Empire	$ 6,500	$ 7,500
New River	$ 5,704	$ 6,704
Northern Virginia	$ 5,710	$ 8,694
Patrick Henry	$ 7,120	$ 9,010
Paul D. Camp	$ 5,985	$ 7,785
Piedmont Virginia	$ 7,560	$ 9,668
Rappahannock	$ 5,760	$ 6,760
Southside Virginia	$ 6,635	$ 7,635
Southwest Virgina	$ 6,500	$ 7,500
Thomas Nelson	$ 7,852	$ 7,852
Tidewater	$ 5,400	$ 8,000
Virginia Highlands	$ 6,808	$ 6,808
Virginia Western	$ 5,683	$ 11,268
Wytheville	$ 6,850	$ 6,850

Source: SCHEV 1998-99 "S5 Reports."

Award Schedule Rationale:

Each community college designs its own award schedule to comply with State guidelines and to meet certain local needs. The community colleges use a modified approach to proportional need that accounts for the low tuition and fee costs at the community colleges. VSFAP grants are based on the students' estimated family contribution and federal Pell and SEOG Grants.

Virginia Community College System

Variation Between Actual Awards and Award Schedules
1997-98

Community College	# awards greater than specified		# awards less than specified		# awards equal to specified amount +/- $100		# Eligible students receiving no VSFAP award
	Comm.	VGAP	Comm.	VGAP	Comm.	VGAP	
Blue Ridge	1		8	5	51	19	77
Central Virginia	2		32	6	39	31	86
Danville	2	1	113	33	28	9	115
Dabney Lancaster	1		39	16	34	10	79
Eastern Shore			34		13		21
Germanna	4	1	32		15	2	121
J. S. Reynolds	7		433	16	63	7	149
John Tyler	19		92	1	13		66
Lord Fairfax	1		57	3	64		111
Mountain Empire	53	3	374	41	56	59	106
New River	61	2	256	1	43	2	65
Northern VA	14	64	666		32	2	586
Paul D. Camp			29	8			62
Patrick Henry		3	25	14	28	31	130
Piedmont VA	3	2	65	7	28	4	39
Rappahannock				2	55	11	31
Southside VA	3	4	167	69	15	13	69
Southwest VA	29		402	41	75	12	460
Thomas Nelson	4		181	1	52	11	241
Tidewater	43	2	118	1	235	3	962
Virginia Highlands	19	5	140	10	68	8	81
Virginia Western	18	6	142	5	108	26	201
Wytheville	1	2	87	5	54	5	178
TOTAL	285	95	3492	285	1169	265	4036

Source: SCHEV 1997-98 Financial Aid Data File and "S5 Report."

Appendix C

Other Virginia Need-Based Financial Aid Programs

The Virginia Student Financial Assistance Program (VSFAP) accounts for 90 percent of all State financial aid to Virginia students at public institutions. The remaining ten percent, or $5.7 million, of State need-based aid is comprised of a federally matching fund, two programs aimed at increasing minority enrollment, and an endowment incentive fund. Brief synopses of these programs are given below.

College Scholarship Assistance Program (CSAP)

The College Scholarship Assistance Program represents Virginia's participation in the federal State Student Incentive Grant (SSIG). The federal government implemented this program as an effort to increase the states' investment in student financial aid. Participating states receive a percentage match from the federal government for state funds supplied to SSIG. In order to receive federal funding for SSIG, states must provide funds equal to at least the average of the previous three years. However, the federal government has not increased funding for SSIG in several years. The SSIG has recently been reinvented as the Leveraging Educational Assistance Partnership (LEAP), which is intended to provide incentives to Congress to increase funding for the program.

CSAP began in Virginia in 1973 and has been used as a complement to other financial aid sources at both public and private colleges and universities. The State provided about $4.2 million for CSAP in the 1998-99 academic year, with the federal government providing an additional $500,000. CSAP is decentralized to the institutions, but there are State and federal guidelines. The maximum award level is $5,000, and the minimum is $400. Students must have an EFC that is less than one-half the total cost of attendance at the institution. Depending on the institution, CSAP awards may or may not be renewed to students.

Virginia Transfer Grant (VTG)

The Virginia Transfer Grant was established in 1983, as an amendment to the 1978 Virginia Plan for Equal Opportunity in State-Supported Institutions of Higher Education. The goal of the program is to promote integration by encouraging students who have completed some college-level work to transfer to a senior public institution. The program is available to minority students who transfer to a traditionally white senior public institution and all students who transfer to Norfolk State University or Virginia State University. Students must demonstrate financial need to be eligible.

The State provided just over $800,000 for VTG in the 1998-99 academic year. Funding for the program is concentrated mostly at the urban and commuter campuses, which receive the most transfers, and at the two historically black universities. Appendix B shows the exact funding levels at each institution. Award amounts are determined by the institutions, but may not exceed tuition and mandatory fees. Because of the low level of funding for VTG, these grants are generally awarded on a first-come, first-serve basis.

Many institutional financial aid administrators interviewed by JLARC staff expressed a desire to eliminate this program and roll the money into the larger VSFAP program. The basic reasoning is that the amount of money in VTG is regarded as being too small to make a difference in the racial composition of the student body. Either the institution stated they did not have a problem recruiting minorities, or there just was not enough money to help the number of students eligible for the program. However, several other administrators believe this program is an important recruiting tool for the institution, and if given more money, could be very effective. Other administrators expressed concern about the legality of the program, given recent Supreme Court rulings on race-based programs in California and Texas.

Last Dollar Program

The Last Dollar program was established by the General Assembly in 1988 as an effort to encourage minority enrollment at a State-supported college or university. The program provides assistance to first-time freshmen only, and is non-renewable. The program is designed to provide extra aid to the neediest minority students who would otherwise be unable to attend, or to provide aid to students after the institution has used up its other financial aid resources. The maximum award is tuition and required fees, and the minimum is $200.

The State provided about $650,000 to public colleges and universities in Virginia. The bulk of the funding is directed to the two historically black universities and to other institutions that enroll a sizable number of minorities. The funding level for each institution is listed in Appendix B.

Like the Virginia Transfer Grant, many institutional financial aid administrators interviewed by JLARC staff expressed a desire to roll funding for Last Dollar into the VSFAP. The funding level is regarded as being too low to make any real difference in minority enrollment. The non-renewable nature of the program is cited as a major flaw, as it gives students unreal expectations of future funding. Also, the program may not work as intended since it is difficult to know which students would not have been able to attend without the award, after the fact. Several administrators also expressed concern with the legality of race-based financial aid programs.

Virginia Graduate and Undergraduate Assistance Program (VAGUAP).

VAGUAP was established in 1992 by the General Assembly as an effort to encourage institutional endowment growth for grants and fellowships based on academic excellence. The State matches some or all of the interest earned on endowments at the institutions. The endowments must be in a trust designated specifically for student financial assistance. For the 1999-2000 academic year, the State match to interest earned on endowments was about 3.4 percent.

VAGUAP awards may be given to both in-state and out-of-state students at public institutions in Virginia. In-state students received about $70,000 from the State in VAGUAP awards, while out-of-state students received $40,000. VAGUAP funding at each institution is listed in Appendix B.

Appendix D

Need-Based Financial Aid Processes in Selected States

The National Association of State Student Grant and Aid Programs (NASSGAP) database provides a useful perspective on different financial aid systems across all 50 states. But in order to consider more closely alternative financial aid systems as required by the study mandate, it is necessary to understand the application and award processes in these systems, as well as the basic structure of the organizations. For example, two centralized systems may establish eligibility criteria and award schedules in very different manners, and the administrative functions may be markedly different as well.

JLARC staff interviewed chief financial aid administrators in selected states in order to understand the workings of different financial aid systems and to present alternative models to Virginia's current system. The selection of states for interviews was based on geographic location, administrative structure, size, emphasis on financial need, and availability. State administrators interviewed by JLARC staff include: Georgia, Illinois, Maryland, Minnesota, New Jersey, North Carolina, Pennsylvania, and Washington.

For each state listed below, the financial aid systems are described by how they approach financial aid according to three identifying characteristics: administrative structure, award schedule or formula, and eligibility criteria. State financial aid programs are either centralized or decentralized, have either a single award schedule or institutionally-determined award schedules, and have either a single set of student eligibility criteria or institutionally-determined criteria.

Georgia

Georgia is characterized by having a very large merit-based system and a very small need-based system. In fact, Georgia eliminated its state need-based financial aid program, the Georgia Student Incentive Grant, at the end of the spring 1999 semester. The state initiated the merit-based HOPE Scholarship in 1993, and this program is now the only comprehensive source of state gift aid for Georgia residents.

In 1996-97, Georgia ranked 40th among the states in the amount of need-based aid offered and fifth in the amount of total grant aid offered to undergraduate students. The Student Incentive Grant consisted of \$2.2 million in a federally matching SSIG program. This amount represented just over one percent of the \$186 million offered in gift aid to undergraduates. Student Incentive Grants were awarded to students at both public and private in-state institutions. The program did not have a merit component for initial eligibility.

Administration. The need-based financial aid system was decentralized to the institutions. Funds for the Georgia Student Incentive Grant were allocated to the institutions, and the institutions then processed student financial aid applications and made awards to eligible students with the money given to them by the state.

Award Schedule. There was no single award schedule that institutions had to follow in distributing need-based aid to students. The institutions developed award schedules or formulas as they saw fit, within federal SSIG guidelines. These guidelines ensured that grants were awarded to students based on financial need. The maximum award was $5,000 and the minimum was $400.

Eligibility Criteria. Institutions determined the eligibility criteria for students. Each institution determined its own cost of attendance for estimating students' financial need. Also, the institutions could set a minimum level of remaining need for students before awarding them grant aid.

Illinois

In 1996-97, Illinois was second only to New York in the amount of need-based grant aid offered to in-state students. The state spent $273 million on need-based grants to undergraduate students through the Illinois Monetary Award Program, which represented 91 percent of total state aid offered. The Monetary Award Program was initiated in 1958 and is available to students attending both public and private in-state institutions. The Monetary Award Program does not have a merit component for initial eligibility.

Administration. The need-based financial aid system is centrally administered by the Illinois Student Assistance Commission. The commission processes all student applications and allocates individual awards. The commission collects data from the institutions on student enrollment and then informs the institutions of the state grant the student will receive.

Award Schedule. There is a single award schedule for all institutions. Illinois uses a formula based on each institution's tuition and fees. Students attending a more expensive college or university would receive a larger award, but the formula remains the same regardless of the institution. The maximum Monetary Award is $4,500, and the minimum is $300. The maximum award is set so that students attending private institutions do not receive very large awards at the expense of students attending public institutions.

Eligibility Criteria. Illinois has a single set of eligibility criteria for all institutions. The Illinois Student Assistance Commission uses a standard $4,500 cost of living for students at all institutions. This figure is added on to institutional tuition and fees for determining the cost of attendance used in financial need analysis. The $4,500 cost of living estimate is lower than many financial aid administrators believe to be the true cost. The effect of a low cost of living estimate is that fewer students are eligible for financial aid.

Maryland

Maryland's need-based financial aid system is similar in size to Virginia's Student Financial Assistance Program for the number of students it serves. In 1996-97, Maryland spent $36 million on need-based grants to undergraduate students, or $319 per full-time student, compared to $334 per full-time student in Virginia. The comprehensive program is available to students attending both public and private in-state institutions. The program does not have a merit component for initial student eligibility.

Administration. The need-based financial aid system is centrally administered by the Maryland State Scholarship Administration. The State Scholarship Administration (SSA) is a part of the Maryland Higher Education Commission, which is the coordinating board for higher education. The SSA receives federal student aid applications from the U.S. Department of Education for all students who list a Maryland college or university on the form. The SSA then determines which students are Maryland residents and packages awards for those students based on the first Maryland institution listed on the student's application. Students are notified of the size of the award should they attend that institution. If the student attends another Maryland institution, that student informs the SSA and the award is repackaged.

Award Schedule. There is a single award formula for all institutions. The award formula is simply 30 percent of a student's financial need. The student's estimated family contribution (EFC) is subtracted from the institution's cost of attendance, and the student is given 30 percent of the remaining balance. The award is capped at $3,000, and the minimum award is $200. The $3,000 maximum award is in place in part to limit the state's compensation for the high costs of attendance at some private institutions in Maryland.

Eligibility Criteria. Institutions have some flexibility in determining eligibility criteria for students. The individual institutions determine the cost of attendance estimates within federal guidelines. This flexibility enables an institution to have some impact on the number and size of awards given to students attending that institution, as the cost of attendance is one of the drivers in determining financial need.

Minnesota

Minnesota has a large undergraduate need-based grant program, with $93 million spent in 1996-97. On a per student basis, Minnesota ranked fifth nationally with $642 per full-time student. Grant awards through the State Grant program are available to students attending both public and private in-state institutions. The State Grant program does not have a merit component.

Administration. The need-based financial aid system is decentralized to the institutions. Although the State Grant program is decentralized, the Minnesota Higher Education Services Office plays a large role in allocating funds to institutions and verifying student awards. The institutions tell the Higher Education Services Office how much money they need for financial aid for the academic term. This money is then given to the institutions for them to distribute to eligible students. After aid has been distributed, student data is sent to the central office for verification and financial adjustments.

Award Schedule. The institutions must follow a single award formula set by statutory law. This law states that students are responsible for 47 percent of the cost of their education. The remaining 53 percent of the cost is covered by the parental contribution, and, if the EFC is sufficiently low, the federal government and the State Grant. The parental contribution and federal Pell grant are subtracted from 53 percent of the cost, and the remainder is provided by the State Grant. Institutions may use professional judgement to adjust a student's parental contribution in individual cases.

Eligibility Criteria. Minnesota has a single set of eligibility criteria for all institutions. Institutions in Minnesota set tuition and fees, but the state applies a uniform $4,885 "living and miscellaneous expense" to all institutions, which is similar to the cost of living expense employed in Illinois. There is also a maximum tuition level applied to private institutions for the cost of attendance used in the financial need analysis. This maximum tuition level is higher than tuition at any of the public institutions in Minnesota.

New Jersey

In 1996-97, New Jersey ranked fifth in total undergraduate need-based aid provided to students and second in undergraduate need-based aid per full-time student. New Jersey provided $152 million in undergraduate need-based aid, or $963 per full-time student. The Tuition Aid Grant is a comprehensive program that provides aid to financially needy students at both public and private in-state institutions. There is no merit component to the award for initial eligibility.

Administration. The need-based financial aid system is administered centrally by the New Jersey Office of Student Assistance. The Office of Student Assistance receives the federal student aid applications for all New Jersey residents from the U.S. Department of Education. The Office then produces a modified estimated family contribution (EFC) for each student based on the federal Student Aid Report. The Office then notifies students and the institutions of the students' eligibility for a Tuition Aid Grant.

Award Schedule. Institutions have some flexibility in determining the award schedule for student aid. The Office of Student Services determines the maximum Tuition Aid Grant for which a student is eligible at a particular institution. The institutions may adjust this award downward by filling the student's need with institutional or endowment aid. The institutions may not adjust the state award upward. Total aid from all sources cannot exceed the student's financial need. The maximum Tuition Aid Grant cannot exceed tuition at public institutions or 50 percent of the average tuition at private institutions.

Eligibility Criteria. Institutions determine the eligibility criteria for students. The institutional governing boards determine the cost of attendance for each institution, so the institutions have some control over the number of students eligible for a Tuition Aid Grant.

North Carolina

North Carolina's need-based financial aid system is relatively small and fragmented. The state offered $17.5 million in need-based aid to undergraduate students in 1996-97. This relatively small amount of aid, however, is provided in conjunction with the policy of low tuition rates at public institutions in North Carolina. The state provides $2 million through the State Student Incentive Grant (SSIG) program, which is available to eligible students at in-state public and private institutions. North Carolina also has separate grant programs for community colleges and private institutions. North Carolina has two separate grant programs for private institutions. One program is based on financial need, while the other program is similar to the TAG program in Virginia (i.e., all North Carolina residents attending in-state private institutions are eligible for a flat award).

Administration. The Student Incentive Grant program is centrally administered by the North Carolina State Education Assistance Authority. These awards are given only to students with a zero EFC.

The state also has a new centrally administered grant program for community college students. The community college grant program is tied to the federal Pell grant. The colleges verify student eligibility, and the Education Assistance Authority authorizes payments to the students.

Award Schedule. There was no single award schedule that institutions had to follow in distributing aid to students. Funds for the need-based private institution grant program are given to institutions as block grants. The institutions are required to base the awards on financial need. The sum of the need-based grant and the tuition subsidy cannot be greater than the average student subsidy provided by the state to the University of North Carolina system.

Eligibility Criteria. Institutions determine the eligibility criteria for students. The cost of attendance is determined by the institutions according to either federal methodology or College Board methodology.

Pennsylvania

In 1996-97, Pennsylvania had the fourth largest undergraduate need-based grant system in the nation at $240 million. The state provided $700 per full-time undergraduate student, which also ranked fourth. Pennsylvania is highly committed to need-based aid, as over 99 percent of all grant aid to undergraduate students is based on financial need. The Pennsylvania State Grant Program provides aid to students attending in-state public and private institutions, and a small component goes to students attending institutions in certain other states. (Only two percent of the funds for the State Grant Program went to students attending out-of-state institutions.) There is no merit component for initial eligibility.

Administration. The State Grant Program is centrally administered by the Pennsylvania Higher Education Assistance Agency (PHEAA). PHEAA processes student grant applications and makes awards to students based on the institution they are enrolled in. PHEAA uses its own methodology for determining the financial need of students.

Award Schedule. The State Grant Program has a single award schedule that is used for all institutions. PHEAA uses an award schedule similar to the federal Pell table, but uses a state methodology for determining financial need of students. The maximum grant is $3,000.

Eligibility Criteria. The State Grant Program has uniform eligibility criteria for all institutions. Awards are based on cost of attendance, but the cost of attendance is determined by state methodology. The institutions set their tuition and fees, but other expenses are determined by the state.

Washington

In 1996-97, Washington offered $58 million in need-based grants to undergraduate students. This amount is very similar to the amount Virginia spends both in total and on a per-student basis. The Washington State Need Grant is provided to students attending in-state public and private institutions and to certain out-of-state institutions. There is no merit component for initial eligibility.

Administration. The administration of the State Need Grant is decentralized to the institutions. The Washington Higher Education Coordinating Board sets policies for award amounts and student eligibility. The institutions process applications and make awards to students according to state policy.

Award Schedules. Institutions do not have flexibility to create their own award schedules. The coordinating board sets the award amounts based on the type of institution. In 1998-99, eligible students received $1,800 at public research universities, $1,700 at public regional colleges and universities, $1,500 at two-year colleges; and $2,500 at private non-profit colleges and universities.

Eligibility Criteria. The State Need Grant has uniform eligibility criteria for all institutions. Student eligibility is based on state methodology. Student eligibility depends on family income. Only students with a family income of 50 percent of the median Washington family income or less are eligible for the grant. All students who are eligible will receive the same award as other students enrolled at the same institutional type.

Appendix E

States' Funding of Need-Based Financial Aid

The 50 states spent over $2.5 billion dollars in undergraduate need-based grant aid during the 1996-97 academic year. Five states accounted for 60 percent of this total: New York, Illinois, California, Pennsylvania, and New Jersey. Funding for need-based aid ranged from a high of $630 million in New York to a low of $160,000 in Wyoming. The average state funding for undergraduate need-based aid was $51 million, although this number is skewed upward due to the very large programs in the top five states. The median was only $14.4 million. Virginia ranked tenth in 1996-97 with just over $59 million.

The amount of state funding for need-based financial aid is obviously related to the size of the state's student population. States with larger student populations generally spend more on financial aid than states with fewer students. Population is not the only factor, however, as tuition, state revenue, and state policy also play a large role in state funding for need-based financial aid. Georgia, for example, had the eleventh largest student population but ranked 40th in undergraduate need-based aid.

One way to represent a state's commitment to financial aid are the dollars spent per full-time student. Table E-1 shows two measures of per-student state funding for financial aid in each of the 50 states: total aid per student, and need-based aid per student.

Total aid includes state grants to undergraduate students that are not based on financial need, as well as those that are. Some grants that are not based on need can be based on other factors such as academic merit, the student's major field of study, or the student's geographical location or membership in a certain group. Still others, like the TAG program in Virginia, are given to all students who enroll in a certain type of college or university. The type of grant aid offered by the states depends on the state's needs and aid philosophy.

Overall, Virginia ranked high in aid per student, but it also ranked high in tuition as well. In 1996-97, Virginia ranked 9th in total aid per full-time student ($453), 12th in need-based aid per student ($334), and 9th in tuition ($3,968). In contrast, New York ranked first in total dollars per full-time student ($1,086), first in need-based aid per student ($1,086), but ranked 13th in tuition ($3,802). On the other hand, Mississippi ranked last at total aid and need-based aid per student ($7 and $6, respectively), but 28th in tuition ($2,499).

Table E-1

Financial Aid per Full-Time Undergraduate Student and Average Four-Year Public Institution Tuition. 1996-97

State	Aid per Student		Need-Based Aid per Student		Average Public Four-Year Tuition	
	$	Rank	$	Rank	$	Rank
Alabama	58	38	14	45	2,362	31
Alaska	19	45	19	41	2,550	27
Arizona	25	42	25	39	2,009	45
Arkansas	217	25	199	24	2,258	34
California	349	17	349	11	2,720	24
Colorado	333	18	239	20	2,561	26
Connecticut	294	20	294	16	4,111	7
Delaware	52	40	42	38	4,170	6
Florida	401	12	124	30	1,789	50
Georgia	1,027	2	12	47	2,241	35
Hawaii	12	47	12	46	2,294	32
Idaho	26	41	19	43	1,979	46
Illinois	952	4	869	3	3,522	16
Indiana	466	8	458	7	3,198	20
Iowa	393	13	389	8	2,655	25
Kansas	117	35	116	31	2,219	38
Kentucky	272	22	272	18	2,241	36
Louisiana	131	34	56	36	2,233	37
Maine	229	23	229	21	3,648	14
Maryland	371	15	319	13	3,849	11
Massachusetts	272	21	271	19	4,272	4
Michigan	354	16	354	10	3,988	8
Minnesota	642	6	642	5	3,546	15
Mississippi	7	50	6	50	2,499	28
Missouri	186	31	95	32	3,245	18
Montana	10	48	10	48	2,490	29
Nebraska	54	39	54	37	2,269	33
Nevada	188	30	161	26	1,815	49
New Hampshire	19	44	19	42	4,641	3
New Jersey	1,017	3	963	2	4,269	5
New Mexico	432	10	316	14	2,014	43
New York	1,093	1	1,086	1	3,802	13
North Carolina	213	27	80	34	1,841	48
North Dakota	80	37	72	35	2,381	30
Ohio	432	11	291	17	3,841	12
Oklahoma	228	24	150	27	1,937	47
Oregon	208	28	208	23	3,408	17
Pennsylvania	703	5	700	4	4,994	2
Rhode Island	133	33	133	28	3,903	10
South Carolina	217	26	217	22	3,205	19
South Dakota	14	46	14	44	2,722	23
Tennessee	137	32	132	29	2,052	41
Texas	94	36	94	33	2,028	42
Utah	24	43	24	40	2,011	44
Vermont	529	7	528	6	6,533	1
Virginia	**453**	**9**	**334**	**12**	**3,968**	**9**
Washington	375	14	366	9	2,933	21
West Virginia	191	29	191	25	2,091	40
Wisconsin	316	19	297	15	2,748	22
Wyoming	10	49	10	49	2,144	39

Source: National Association of State Student Grant and Aid Programs, 28th Annual Survey.
U.S. Department of Education, National Center for Education Data Statistics.

Appendix F

Agency Responses

As part of JLARC's validation process, State agencies involved in this study were given the opportunity to comment on an exposure draft of this report. In addition, the Virginia Association of Student Financial Aid Administrators was also given an opportunity to comment on an exposure draft of this report. Appropriate technical corrections resulting from the comments have been made in this version of the report. This appendix contains the following responses:

- Acting Director of the State Council of Higher Education for Virginia
- Co-Chair of State Relations, Virginia Association of Student Financial Aid Administrators

Note: Student financial aid directors at the public colleges and universities were given an opportunity to comment on information pertaining to their respective institutions in Appendix B of this report. Reservations raised by the student financial aid directors pertaining to the number of students receiving awards greater than or less than specified, and the number of eligible students not receiving an award, are generally covered in the response letters from the the State Council of Higher Education for Virginia and the Virginia Association of Student Financial Aid Administrators. Copies of response letters from the individual institutions are available at the JLARC office.

SEP 17

COMMONWEALTH of VIRGINIA

COUNCIL OF HIGHER EDUCATION
James Monroe Building, 101 North Fourteenth Street, Richmond, VA 23219

Phyllis Palmiero
Acting Director

(804) 225-2137
FAX (804) 225-2604
TDD (804) 371-8017
http://www.schev.edu

September 17, 1999

Philip A. Leone
Director, Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building, Capitol Square
Richmond, Virginia 23219

Dear Mr. Leone:

Thank you for the opportunity to comment on JLARC's Review of Undergraduate Student Financial Aid in Virginia's Public Institutions (henceforth referred to as Report) documenting the results of the review of state financial aid programs. The review provides a thorough examination, specifically, of the Virginia Student Financial Aid Program (VSFAP), and its main components, the Virginia Guaranteed Assistance Program (VGAP) and the Commonwealth Awards.

The Report discusses the current state financial aid system, goals and objectives, and provides alternatives to be considered. It also presents the results of a preliminary review conducted using the 1997-98 Financial Aid Data File. We appreciate this opportunity to provide a response to several issues raised in the Report, including each specific recommendation.

- **Recommendations**

Recommendation (1). The State Council of Higher Education for Virginia should adopt the revisions to the *Virginia Administrative Code* pertaining to the Virginia Student Financial Assistance Program, as proposed by the Financial Aid Advisory Committee.

SCHEV staff has been working with the Financial Aid Advisory Committee to develop the proposed changes to the VSFAP sections of the *Virginia Administrative Code*. As of this writing, the final version has not been reviewed by SCHEV staff; however, the necessary modifications to the *Code of Virginia* have been proposed and SCHEV staff support, in principle, the basic changes requested by the committee.

Recommendation (2). The State Council of Higher Education should make the institutions' plans and deadlines for allocating Virginia Student Financial Assistance Program funds to students readily available to the public through agency publications and its internet presence.

Planning Virginia's Progress in Higher Education

The institutions' plans for allocating VSFAP are presented in a public forum at Council meetings. Still, it is recognized that this forum is not readily available or convenient to most parents and students. SCHEV staff support posting the institutional allocations to the various financial aid programs and other pertinent information onto the website. However, posting proposed plans for determining individual awards is likely to confuse or produce unrealistic expectations because of the number of variables involved.

Recommendation (3). The State Council of Higher Education for Virginia should conduct periodic program reviews of student financial aid as specified in the *Virginia Administrative Code*, to ensure compliance with the guidelines in the *Virginia Administrative Code* and the Appropriation Act. The Council and the institutions should develop a process for auditing the Virginia Student Financial Assistance Program annually. The first step of this audit process should compare information in the Financial Aid Data File with the institutions' plans for awarding grants, to identify cases warranting further follow-up. The second step should be to audit further those cases which appear to have awards substantially above or below the planned levels, and to determine the reasons why each case may differ from the institution's plan. These follow-up audits should be performed annually and on-site, perhaps on a rotating basis.

Council staff agrees that increased oversight via post-award reviews and audits will increase the understanding of the various dynamics involved in financial aid administration and ensure institutional compliance with the *Virginia Administrative Code*. It is doubtful that the Financial Aid Data File can be of help in undertaking this process. However, the two-step process recommended above may provide a reasonable format. Additional study and collaboration with financial aid administrators is strongly recommended before the process is finalized. It is also important that Recommendation #6 be adopted to ensure that program goals and objectives are clearly articulated to ensure that any audit has understood goals on which to base the audit.

Recommendation (4). The State Council of Higher Education for Virginia staff should consult with the financial aid administrators at Virginia's public institutions: (a) to determine the possible reasons why almost half of all eligible students do not receive VGAP or Commonwealth Awards, (b) to identify possible solutions, and (c) to develop a plan for implementing these solutions.

SCHEV staff fully supports the recommendation to gain greater insight into the dynamics behind financial aid administration and serve as a partner with the institutions in identifying means to improve the process. However, SCHEV also recommends that the General Assembly articulate more clearly the goals of these programs.

Recommendation (5). The State Council of Higher Education for Virginia staff should analyze the Financial Aid Data Files to determine the characteristics of eligible students who are receiving State aid and those who are not. The Council should

revisit its estimation of remaining need and calculate the cost of providing need-based financial aid to all identified students who did not receive the full amount of State aid for which they were eligible, and report this estimate annually to the General Assembly.

The Council annually computes the percent of need being met and reports the number to the Governor's Office and the General Assembly. The additional estimate recommended above will not likely provide an accurate assessment of need. This recommendation ignores the fact that need is being met by other vehicles such as student self-help via loans and work-study, additional family financing, and/or other grants and scholarships in financing education. Secondly, the award schedules that would be used for this study do not provide for full funding of student need. Lastly, it would be extremely difficult to calculate a student's individual award eligibility at the time they were awarded. The award schedules change between award cycles and it is not known what other financial aid was available to the student, or which Cost of Attendance figures were used at the time the award was made.

Council staff recommends the following alternative: **Recommendation (5). The State Council of Higher Education for Virginia staff should analyze the Financial Aid Data Files to determine the characteristics of eligible students who are receiving State aid and those who are not. The Council should revisit its estimation of remaining need to better address student need. This estimate shall be reported annually to the Governor and General Assembly.**

Recommendation (6). The General Assembly may wish to articulate its goals for the State need-based student financial aid program, indicate the level of priority to be given to each goal, and more explicitly state how its policies may serve to accomplish these goals.

As the level of support for state financial aid programs increase, concurrently the State's desire and need for greater accountability will also rise. As the conversation on accountability begins, SCHEV staff agrees that the first step is for the State to review and articulate the specific goals for the programs while recognizing more fully the trade-off between providing assistance to the neediest students and providing assistance to the greatest numbers of students.

- **Recurring Items**

While SCHEV will comment on items contained within certain sections of the Report, there are a couple of recurring items that merit individual attention. First, JLARC has been careful in phrasing the study as a "review" in most of the document; however, the word "audit" does appear in some areas. SCHEV wants to make it clear that the study was not comprehensive enough to be characterized as an audit, nor was it intended to be. We ask that the remaining references to "audit" be removed.

Also, JLARC refers, on a number of occasions, to SCHEV's oversight as being "weak" but does not put the statement into the proper context. Concerns have not been raised over SCHEV's handling of the institutions' plans for disbursing student financial aid nor has the review found any clear administrative problems on the part of the institutions. However, it is fair to say that more work can be done on post-award reviews.

Finally, the Report states several times that the institutions are varying from the approved award schedules up to 65 percent of the time. While the Report, at one point, documents the various factors and missing information that make it clear the assessment is preliminary, the above statement is repeated as fact several times in the document. We would like to make it clear that the award schedules are not static, but are subject to change with each award cycle as allowed by the *Virginia Administrative Code*.

- **Analysis of SCHEV Student Financial Aid Data**

In this section, the statement is made that the Financial Aid Data File includes "every student who applied for need-based aid." This is not an accurate statement. Every student on the Data File received some sort of financial aid. Students who applied but received no aid are not included.

- **Eligibility Criteria**

The first step in determining student financial need, and ultimately the financial aid award package, is to compute the Cost of Attendance (COA). The COA will vary at each institution depending upon various factors including geographic location, type of student, and type of institution. The JLARC Report sufficiently covers each of the different types of costs involved and points out the differences among the campuses.

While discussing the variations in cost figures used among the institutions, it should be noted that each of the methods provide a valid base number to be used when computing costs for all students at a particular institution and employ the financial aid policies of the institution. Many of the institutions conduct student surveys and review newspaper listings of rental units and bookstore records. These surveys sometimes result in different cost figures than those reported in national publications. SCHEV annually reviews these numbers and makes inquiries into unusual results. Aside from asking institutions to provide a rationale for their cost figures, SCHEV has no statutory authority to require an adjustment.

- **Institutional Award Schedules**

SCHEV staff is confident that the Report provides a thorough review of the data SCHEV collects regarding financial aid. The document also begins the conversation on several important issues. However, SCHEV staff is concerned over a recurring finding in the report. The Report states several times that the institutions are varying from the approved award schedules up to 65 percent of the time. While the Report, at one point, documents the various factors and missing information that makes it clear the assessment is preliminary, the above statement is repeated in the document several times as fact.

While the joint SCHEV/JLARC review did provide preliminary results showing a low correlation between the award schedules and the actual awards, it was found that the institutions' award schedules are often based on a percentage of need but the specific schedule submitted to SCHEV records only the mid-point of the awards scheduled for a range of student need. For example, if the plan is to meet 80 percent of need for students with financial need in the range of $4,000 to $5,000, the award schedule would report an anticipated award of $3,600 (80% of $4,500) for this range. However, the actual award will vary from $3,200 (80% of $4,000) to $4,000 (80% of $5,000). As this effect was not taken into account, the number of over and under awards was greatly overstated.

It was also found that the Data File contains several design problems that make it an inappropriate source of information for such a review. In the majority of the cases, the Data File does not contain the actual costs used to determine an individual student's award, nor does it accurately reflect the timeframe in which a student was considered for an award. Additionally, the submitted award schedules do not always contain the actual award scheduled for students at a specific need level.

The Data File was designed to provide only summary data for the institution's financial aid programs. Finding the total dollars awarded, total students, student type, average, minimum, and maximum awards are among the several uses for the Data File. During the review, it was learned that a student's COA will generally change during the course of the award year. Such changes might be the result of a Professional Judgement to increase expense items, adding or dropping courses, or changing majors. The COA on the Data File merely records the last COA on record for the student. Frequently, changes in the COA do not result in an adjustment of the student's VSFAP award unless the changes result in an over-award.

The timeframe within which a student is considered for an award is also critical but unrecorded. The institution calculates the students remaining need by subtracting all of the need-based financial aid known at the time of the award packaging. Students who are packaged earlier are more likely to receive additional outside scholarships after receiving their VSFAP award. Students who apply, and are packaged, late may have additional scholarships already on record, thus reducing their remaining need. Furthermore, late applicants are more likely to be packaged at a time when there is little or no remaining VSFAP funds to be disbursed.

When these two factors are considered it is clear that no review or audit using only the current Financial Aid Data File will provide a reliable assessment of an institution's adherence to the award schedule. Other factors prohibiting an accurate review based on these data are:

- the *Virginia Administrative Code* permits the award schedule to change,
- the institutions provide their award schedule before their COA or allocated program funds are finalized and before they know the actual level of need of their student body,
- the Data File does not distinguish between need-based outside assistance and merit-based outside assistance,

- the Data File does not indicate whether a student's grade point average or Satisfactory Academic Progress status meets eligibility requirements,
- the institutions do not uniformly report on students attending the summer session, and
- the federal processors experienced numerous delays in processing the applications during the 1997-98 award year, resulting in higher than normal "late applications" for State aid.

In short, it is clear that the only assessment that can be made concerning institutional adherence or variance to the award schedule is that the Data File provides insufficient data to conduct such a review. It is unclear what comparing the actual awards to the plan tells you. A more meaningful audit/review would be to determine how well the institutions meet the goals of the program using a comparison of actual awards to articulated goals and objectives.

- **SCHEV Oversight Functions**

The Report very clearly emphasizes the limitations on SCHEV's authority in governing the administration of the State financial aid programs. The current regulations support institutional prerogative in designing financial aid policies and procedures that best suit the needs of the institution and the students it serves. Additionally, it should be noted that the Financial Aid Data File was never intended to be used for an audit and that, as SCHEV verifies institutional compliance to the *Virginia Administrative Code*, there are no State policies that would require a comparison between the institutional award schedule and actual awards. For this reason, it is questionable whether or not the findings of JLARC's review actually represent "potential problems" with the administration of the financial aid program.

The purpose of the awards schedules is to provide a framework demonstrating the institution's guidelines for ensuring that awards are made proportional to need. It is not intended to uniformly hold an institution to a specific award for a student at a specific level of need throughout the award process. The *Virginia Administrative Code* allows the award schedule to change with each award cycle.

It should be noted that all State allocations for financial aid programs are used to assist students with financial need. Any change to current policies or procedures, without additional funds, will not necessarily improve the ability of each institution's students, in aggregate, to afford college. Changes would merely result in shifting funds from one needy student to another. However, this shift would be necessary in order to reduce the number of eligible students who are receiving no award from one of the two programs this review focuses on. Currently, each institution's financial aid policies and procedures support the institution's unique mission and type of students served.

Several factors affect the award process. The current policy of the VGAP program requires that the neediest students receive at least tuition. This has the affect of directing more of the aid to fewer students. Smaller awards spread over more students does not necessarily mean more students can afford to go to college. Rather, it weakens the impact that State financial aid dollars can have on any individual student's ability to pay.

Since the S5 proposed plan for allocating financial aid process is problematic, SCHEV has eliminated the requirement that institutions report a specific award schedule. However, the institutions do report on how they will ensure that the awards are made proportionate to need. Many of the institutions' programming capabilities currently do not support a Data File that will provide all data required to complete a reliable audit.

SCHEV does concur that the Data File provides a reasonable, though inconclusive, picture of the number of students with need who did not receive either the VGAP or the Commonwealth Award. It should not be assumed that all eligible students are on the file and the file is inconclusive as to whether or not the students with financial need meet all of the eligibility requirements for the two programs. It should be noted that each of the students included on the Data File were able to attend college and had found a way to meet their financial need. This need is met in a variety of ways: students receive other grants or scholarships, students or their parents take educational loans, students take off-hour jobs, families take home equity loans, charges are added to credit cards or other consumer debt, or other family members provide assistance. A more interesting study would be to determine how many students apply but are not able to enroll into college due to lack of financial resources.

- **Assessment of Alternatives**

As stated earlier, SCHEV staff supports holding conversations to reassess the State's goals and objectives for the State financial aid programs. This is an important first step before beginning to look at the current award schedules, eligibility criteria, and administrative structures. It should be noted that the Commonwealth has been working towards increased decentralization and institutional autonomy. SCHEV staff believes that the decision process for individual student awards is best made by those who know the needs of the students and can balance them against institutional policies and goals. Finally, policies concerning financial aid implementation will very likely have a direct impact on the admissions strategies of an institution.

- **Merit and Incentive Scholarship Programs**

SCHEV staff cautions drawing any conclusions on merit-based programs for two reasons: 1) these programs are very new and run quite differently in each state; and 2) a more in-depth study would be required to fully examine the potential of such programs and their success. That said, it could be misleading to make any broad characterizations about such programs especially when we do not know how a program in Virginia, if implemented, would be designed.

- **Appendices**

The Appendices to the Report provide excellent resource information; however, Appendix B does draw some concern. While the appendix does provide a valuable snapshot of each institution, inclusion of the SCHEV/JLARC review results provides misleading information concerning each institution's performance in adhering to their award schedule. As previously stated, this cannot be verified with the information currently on hand.

The observations and comments provided herein are consistent with those expressed by the College and University financial aid representatives and by SCHEV at our September 2nd meeting in which JLARC staff attended. We are available to discuss the comments with you. Thank you again for the opportunity to comment.

Sincerely,

Phyllis Palmiero

cc: The Honorable Wilbert Bryant, Secretary of Education
Robin Miner, Deputy Secretary of Education
R. Kirk Jonas, Deputy Director, JLARC
Gregory J. Rest, Manager Research Methods, JLARC
Aris W. Bearse, Senior Associate Legislative Analyst, JLARC

VIRGINIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTATORS STATEMENT IN REPSONSE TO THE VIRGINIA JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION REPORT, REVIEW OF UNDERGRADUATE STUDENT FINANCIAL AID IN VIRGINIA'S PUBLIC INSTITUTIONS PRESENTED 9/13/99 RICHMOND, VIRGINIA.

GOOD MORNING. MY NAME IS BARRY W. SIMMONS SR AND I REPRESENT THE VIRGINIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS, VASFAA, AS CO-CHAIR OF STATE RELATIONS. WE APPRECIATE THIS OPPORTUNITY TO COMMENT. AS A PRACTICING FINANCIAL AID ADMINISTRATOR, I AM DIRECTOR OF SCHOLARSHIPS AND FINANCIAL AID AT VIRGINIA TECH, THE VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY. BEFORE COMING TO VIRGINIA TECH, I WAS ASSISTANT DIRECTOR OF ENROLLMENT SERVICES AT VIRGINIA COMMONWEALTH UNIVERSITY AND HAVE OVER 25 YEARS OF PUBLIC AND INDEPENDENT HIGHER EDUCATION ENROLLMENT SERVICES EXPERIENCE IN VIRGINIA AND NORTH CAROLINA.

I AM GOING TO SHARE SOME THOUGHTS AND CONSIDERATIONS WITH YOU REGARDING THE JLARC REPORT, REVIEW OF UNDERGRADUATE STUDENT FINANCIAL AID IN VIRGINIA'S PUBLIC INSTITUTIONS. THE DEGREE OF PROFESSIONALISM, EVENHANDEDNESS OF THE ANALYSIS AND LEVEL OF COMMITMENT BY JLARC HAS BEEN PHENONEMAL. IT HAS BEEN A JOY WORKING WITH AN ORGANIZATION AND INDIVIDUALS WITH SUCH HIGH STANDARDS. MY REMARKS CONTAIN PRAISE FOR THE REPORT BUT THEY ALSO ADDRESS SOME SERIOUS CONCERNS REGARDING DATA PRESENTED IN APPENDIX B.

THE NATURE AND SOPHISTICATION OF STUDENT FINANCIAL AID PROVIDED BY THE GENERAL ASSEMBLY IS EVER CHANGING, GROWING AND MATURING AS A PUBLIC POLICY. NOT TOO MANY YEARS AGO, ANNUAL APPROPRIATIONS OF AID WERE MUCH MORE MODEST THAN THEY ARE TODAY. METHODS WE'VE USED TO ADMINISTER THESE PROGRAMS AT THE STATE COUNCIL FOR HIGHER EDUCATION FOR VIRGINIA, AS WELL AS ON INDIVIDUAL CAMPUSES, NEED REVIEW AND REVISION. THIS REVIEW AND REVISION IS IN LIGHT OF A MUCH DIFFERENT ATMOSPHERE GIVEN THE GROWING DOLLARS INVESTED BY VIRGINIA TAXPAYERS. THE TIME IS RIGHT FOR A NEW SPIRIT OF COLLABORATION AND COOPERATION BETWEEN ALL THE PARTIES INVOLVED IN THIS ENTERPRISE WE CALL STUDENT FINANCIAL AID.

VIRGINIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTATORS STATEMENT IN REPSONSE TO THE VIRGINIA JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION REPORT, REVIEW OF UNDERGRADUATE STUDENT FINANCIAL AID IN VIRGINIA'S PUBLIC INSTITUTIONS PRESENTED 9/13/99 RICHMOND, VIRGINIA.

EACH INSTITUTION OF HIGHER EDUCATION IN VIRGINIA, BE IT TWO-YEAR OR FOUR-YEAR, PUBLIC OR INDEPENDENT, HAS A UNIQUE MISSION TO MAINTAIN DIVERSITY WITHIN THIS COMMONWEALTH'S OUTSTANDING HIGHER EDUCATION SYSTEM. VASFAA RECOGNIZES THIS DIVERSITY AND WE WANT TO DO EVERYTHING WE CAN TO SUPPORT AND CONTINUE OUR TRADITION OF DIVERSITY.

(THE JLARC REPORT INCLUDES SEVERAL APPROACHES TO EXAMINING STATE-FUNDED, NEED-BASED STUDENT FINANCIAL AID TO STATE-SUPPORTED HIGHER EDUCATION INSTITUTIONS IN THE COMMONWEALTH. THE 1999 SESSION OF THE GENERAL ASSEMBLY, BY JOINT RESOLUTION, MANDATED THE STUDY. THE AUTHORS DEVOTE PARTICULAR ATTENTION TO THE NEED-BASED FUNDS ALLOCATED UNDER THE VIRGINIA STUDENT FINANCIAL ASSISTANCE PROGRAM WHICH INCLUDES THE COMMONWEALTH GRANT PROGRAM AND THE VIRGINIA GUARANTEED ASSISTANCE PROGRAM. ALSO CONTAINED IN THE REPORT IS AN EXCELLENT DISCUSSION OF THE PROS AND CONS OF CENTRALIZED VERSUS DECENTRALIZED SYSTEMS OF ADMINISTERING STATE-BASED AID PROGRAMS. A SHORT DISCUSSION OF MERIT-BASED AID CONCLUDES THE REPORT.)

THE REPORT PRESENTS SIX RECOMMENDATIONS. VASFAA ENDORSES ALL OF THE RECOMMENDATIONS WITH RESERVATIONS ON RECOMMENDATION THREE AND RECOMMENDATON FOUR.

RECOMMENDATON (1). THE STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA SHOULD ADOPT THE REVISIONS TO THE VIRGINIA ADMINISTRATIVE CODE PERTAINING TO THE VIRGINIA STUDENT FINANCIAL ASSISTANCE PROGRAM, AS PROPOSED BY THE FINANCIAL AID ADVISORY COMMITTEE. WE HEARTILY ENDORSE THIS RECOMMENDATION. THE DISCUSSION OF THIS RECOMMENDATION RAISES THE ISSUE THAT "THESE RESULTS MAY INDICATE A POTENTIAL PROBLEM IF INSTITUTIONS ARE DEVIATING FROM THEIR AWARD SCHEDULES IN AN UNSYSTEMATIC MANNER." VASFAA CONTENDS THERE IS ONLY SYSTEMATIC DEVIATION BASED ON LOGICAL FACTORS SUCH AS A LACK OF STATE FUNDS

OR THE TIMING OF THE STUDENT APPLICATION FOR THE GRANTS. THIS IS A PROBLEM WE DISCUSS LATER IN DEALING WITH APPENDIX B.

RECOMMENDATION (2). THE STATE COUNCIL OF HIGHER EDUCATION SHOULD MAKE THE INSTITUTIONS' PLANS AND DEADLINES FOR ALLOCATING VIRGINIA STUDENT FINANCIAL ASSISTANCE PROGRAM FUNDS TO STUDENTS READILY AVAILABLE TO THE PUBLIC THROUGH AGENCY PUBLICATIONS AND ITS INTERNET PRESENCE. WE HEARTILY ENDORSE THIS RECOMMENDATON.

RECOMMENDATION (3). THE STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA SHOULD CONDUCT PERIODIC PROGRAM REVIEWS OF STUDENT FINANCIAL AID AS SPECIFIED IN THE VIRGINIA ADMINISTRATIVE CODE AND THE APPROPRIATION ACT. THE COUNCIL AND THE INSTITUTIONS SHOULD DEVELOP A PROCESS FOR AUDITING THE VIRGINIA STUDENT FINANCIAL ASSISTANCE PROGRAM ANNUALLY. THE FIRST STEP OF THIS AUDIT PROCESS SHOULD COMPARE INFORMATION IN THE FINANCIAL AID DATA FILE WITH THE INSTITUTIONS' PLANS FOR AWARDING GRANTS, TO IDENTIFY CASES WARRANTING FURTHER FOLLOW-UP. THE SECOND STEP SHOULD BE TO AUDIT FURTHER THOSE CASES WHICH APPEAR TO HAVE AWARDS SUBSTANTIALLY ABOVE OR BELOW THE PLANNED LEVELS, AND TO DETERMINE THE REASONS WHY EACH CASE MY DIFFER FROM THE INSTITUTION'S PLAN. THESE FOLLOW-UP AUDITS SHOULD BE PERFORMED ANNUALLY AND ON -SITE, PERHAPS ON A ROTATING BASIS. VASFAA REQUESTS THAT THIS RECOMMENDATION BE REVISED IN TWO WAYS. FIRST, THE FINANCIAL AID DATA FILE IN ITS CURRENT FORM IS TOO ELEMENTARY TO ALLOW FOR SUCH AN AUDIT. SECOND, THE AUDIT SHOULD BE ON A SAMPLE BASIS, IN ACCORDANCE WITH ACCEPTED AUDITING PRINCIPLES, RATHER THAN A CASE BY CASE BASIS. ADDITIONALLY, THE DESIGN OF THE FINANCIAL AID DATA FILE AS WELL AS THE AUDIT SHOULD OCCUR ONLY AFTER RECOMMENDATION (4) HAS BEEN REALIZED. VASFAA DOES NOT AGREE WITH THIS ON-SITE APPROACH. WE FAVOR A REDESIGN OF THE FINANCIAL AID DATA FILE PROVIDING FOR MORE ROBUST DATA AND A RANDOM SAMPLE AUDIT BASIS MUTUALLY AGREED UPON AS MENTIONED ABOVE. ANY POTENTIAL EXCEPTIONS WOULD BE SUBMITTED TO THE INSTITUTION BY SCHEV FOR

RESEARCH, EXPLANATION AND RESOLUTION. THIS SECTION OF THE REPORT DISCUSSES THE PRELIMINARY FINDING THAT ALMOST HALF OF THE ELIGIBLE STUDENTS RECEIVE NO AWARD. VASFAA DISAGREES WITH THIS CONCLUSION AS WE WILL DISCUSS REGARDING APPENDIX B.

RECOMMENDATION (4). THE STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA STAFF SHOULD CONSULT WITH THE FINANCIAL AID ADMINISTRATORS AT VIRGINIA'S PUBLIC INSTITUTIONS: (A) TO DETERMINE THE POSSIBLE REASONS WHY THE MAJORITY OF ELIGIBLE STUDENTS DO NOT RECEIVE VGAP OR COMMONWEALTH AWARDS, (B) TO IDENTIFY POSSIBLE SOLUTIONS, AND (C) TO DEVELOP A PLAN FOR IMPLEMENTING AND MONITORING THESE SOLUTIONS. VASFAA APPRECIATES THIS CONSULTATIVE ROLE IN WHICH OUR MEMBERS CAN ACT AND ENTHUSIATICALLY AWAITS VIGOROUS PARTICIPATION.

RECOMMENDATION (5). THE STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA STAFF SHOULD ANALYZE THE FINANCIAL AID DATA FILES TO DETERMINE THE CHARACTERISTICS OF ELIGIBLE STUDENTS WHO ARE RECEIVING STATE AID AND THOSE WHO ARE NOT. THE COUNCIL SHOULD REVISIT ITS ESTIMATION OF REMAINING NEED AND CALCULATE THE COST OF PROVIDING NEED-BASED FINANCIAL AID TO ALL IDENTIFIED STUDENTS WHO DID NOT RECEIVE THE FULL AMOUNT OF STATE AID FOR WHICH THEY WERE ELIGIBLE, AND REPORT THIS ESTIMATE ANNUALLY TO THE GENERAL ASSEMBLY. VASFAA HEARTILY CONCURS WITH THIS RECOMMENDATION AND WE WILL URGE THE GENERAL ASSEMBLY TO MORE FULLY FUND THIS COST.

RECOMMENDATION (6). THE GENERAL ASSEMBLY MAY WISH TO ARTICULATE ITS GOALS FOR THE STATE NEED-BASED STUDENT FINANCIAL AID PROGRAM, INDICATE THE LEVEL OF PRIORITY TO BE GIVEN TO EACH GOAL, AND MORE EXPLICITILY STATE HOW ITS POLICIES MAY SERVE TO ACCOMPLISH THESE GOALS. WE HEARITLY CONCUR WITH THIS RECOMMENDATION AND WOULD STRONGLY RECOMMEND THAT THE GENERAL ASSEMBLY REVIEW AND AFFIRM THEIR GOALS FOR POST HIGH SCHOOL STUDENT FINANCIAL AID ACROSS THE STATE, IN BOTH THE PUBLIC AND PRIVATE SECTORS. FROM THESE GOALS,

VIRGINIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTATORS STATEMENT IN REPSONSE TO THE VIRGINIA JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION REPORT, REVIEW OF UNDERGRADUATE STUDENT FINANCIAL AID IN VIRGINIA'S PUBLIC INSTITUTIONS PRESENTED 9/13/99 RICHMOND, VIRGINIA.

ALL OF THE PARTNERS OF STUDENT FINANCIAL AID COULD DEVELOP A COMPREHENSIVE, COHESIVE STRATEGIC PLAN ADDRESSING NEED-BASED AS WELL AS TUITION OFFSETS AND MERIT-BASED AID. SUCH A STRATEGIC PLAN SHOULD DETERMINE THE AREAS OF GREATEST NEED AND PROVIDE INCREMENTALLY FOR FUTURE INITIATIVES IN AREAS OF MERIT-BASED AID ONLY AS NEED-BASED AND OFFSET PROGRAMS BECOME FULLY FUNDED. AS JLARC SUGGESTS, IT MAY BE WISE TO SEE HOW SOME OTHER STATES' MERIT AND INCENTIVE AID PROGRAMS FARE IN TERMS OF COST AS WELL AS EFFICACY BEFORE IMPLEMENTING SUCH PROGRAMS IN VIRGINIA.

AS PART OF JLARC'S STUDY, SCHEV PERFORMED A PRELIMINARY ANALYSIS OF STUDENT RECIPIENTS OF BOTH THE COMMONWEALTH AWARD AND THE VIRGINIA GUARANTEED ASSISTANCE PROGRAM ACROSS THE STATE ON AN INSTITUTION BY INSTITUTION BASIS CONTAINED IN APPENDIX B. SCHEV USED DATA FROM THE INSTITUTIONAL DATA FILES AND THE SCHEV S-5 (INSTITUTIONAL PLAN FOR DISTRIBUTION) FROM THE 1997-98 ACADEMIC YEAR. THE DATA AS PRESENTED AND COMPARED IN APPENDIX B LED THE AUTHORS TO CONCLUDE THAT "ALMOST HALF OF THE STUDENTS RECEIVE NO AWARD." (P.64) FURTHERMORE, THE REPORT ALSO STATES THAT THE SCHEV DATA DEMONSTRATED "VARIATION FROM AWARD SCHEDULES." (P. 59) AT BEST, THESE CONCLUSIONS ARE SERIOUSLY FLAWED BY THE LACK OF DATA ROBUST ENOUGH TO ACCOUNT FOR THE MANY VARIABLES INVOLVED IN DETERMINING FINANCIAL AID ELIGIBILITY.

AS I MENTIONED IN THE DISCUSSION OF THE FINE JLARC RECOMMENDATIONS, THE FINANCIAL AID DATA FILE, AS IT CURRENTLY EXISTS, IS NOWHERE NEAR THE LEVEL OF SOPHISTICATION REQUIRED TO SUPPORT SUCH CONCLUSIONS. I MAKE THIS STATEMENT NOT ONLY AS A PRACTICING AID ADMINISTRATOR, BUT AS ONE WHO HAS CONDUCTED IN-DEPTH ACADEMIC RESEARCH AND STUDIES ON STATE-FUNDED STUDENT FINANCIAL ASSISTANCE AS A PUBLIC POLICY INITIATIVE. (THIS JLARC STUDY COMPARED THE FINANCIAL AID DATA FILE TO THE S-5, INSTITUTIONAL PLAN FOR DISTRIBUTING AID.) THE DATA CITED WAS NEVER INTENDED TO BE USED AS A COMPARISON AGENT FOR INSTITUTIONAL PRACTICES. (THE DESIGN OF THE REPORT DOES NOT ALLOW FOR PRECISE

VIRGINIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTATORS STATEMENT IN REPSONSE TO THE VIRGINIA JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION REPORT, REVIEW OF UNDERGRADUATE STUDENT FINANCIAL AID IN VIRGINIA'S PUBLIC INSTITUTIONS PRESENTED 9/13/99 RICHMOND, VIRGINIA.

CATEGORIES...THUS, RANGE MIDPOINTS ARE REPORTED, GUARANTEEING BUILT-IN INACCURACIES.) AND YES, SOME INSTITUTIONS MAY NOT HAVE FULLY UNDERSTOOD SCHEV GUIDANCE OR PERHAPS JUST DID IT WRONG IN SOME CASES. BUT AS I MENTIONED EARLIER, AS PROGRAMS SUCH AS THESE MATURE, A HEIGHTENED AWARENESS DEVELOPS TO PROVIDE FOR BETTER QUALITY CONTROL AND ACCOUNTABILITY. BUT THE DATA AND COMPARISONS CONTAINED IN APPENDIX B OF THE REPORT SHOULD BE VIEWED WITH RESERVATION AND SKEPTICSM. BETTER DATA IS NEEDED BEFORE ANYONE CAN DRAW ANY CONCLUSIONS ABOUT HOW THESE AID PROGRAMS ARE ADMINISTERED.

SO, TO CONCLUDE MY REMARKS...AS A PROFESSIONAL ASSOCIATION, VASFAA IS ACUTELY AWARE OF THE NEED FOR ACCOUNTABILITY WHEN DEALING WITH PUBLIC, AS WELL AS PRIVATE, FUNDS USED TO ASSIST STUDENTS IN CONTINUING THEIR EDUCATION BEYOND HIGH SCHOOL. WE STRONGLY ENDORSE MOST OF THE RECOMMENDATIONS IN THE JLARC REPORT AND APPRECIATE THE BALANCED NATURE OF MANY OF THE CONCLUSIONS. IN ORDER TO PROVIDE FOR A DIVERSE SYSTEM OF HIGHER EDUCATION, WELL-EDUCATED CITIZENERY AND A STRONG DEMOCRATIC REPUBLIC, VASFAA IS READY TO ASSIST IN WHATEVER MANNER NEEDED TO ENSURE THE DEVELOPMENT AND IMPLEMENTATION OF A STRATEGIC PLAN FOR STUDENT FINANCIAL AID IN THE COMMONWEALTH.

THANK YOU FOR YOUR ATTENTION AND CONSIDERATION.

BARRY W. SIMMONS SR. ED.D

JLARC Staff

Director: Philip A. Leone
● *Deputy Director:* R. Kirk Jonas

Division I Chief: Glen S. Tittermary
Division II Chief: Robert B. Rotz

Section Managers:
Patricia S. Bishop, Fiscal and Administrative Services
John W. Long, Publications and Graphics
● Gregory J. Rest, Research Methods

Project Team Leaders:
Craig M. Burns
Linda Bacon Ford
Steven E. Ford
Harold E. Greer, III
Cynthia B. Jones
Wayne M. Turnage

Project Team Staff:
● Aris W. Bearse
Kelly D. Bowman
Gerald A. Craver
Lisa V. Friel
April R. Kees
Melissa L. King
Eric H. Messick
Jason W. Powell
Suzanne R. Pritzker
Lawrence L. Schack
E. Kim Snead
Christine D. Wolfe

Fiscal Analysis Section:
Walter L. Smiley, Section Manager
Kimberly A. Maluski

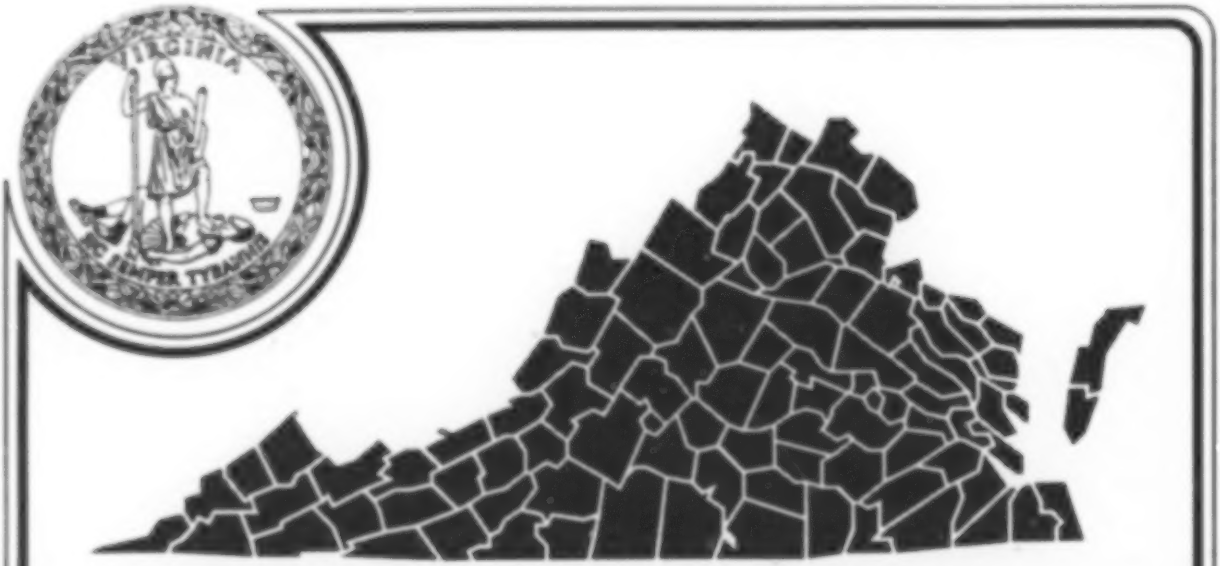
Administrative and Research Support Staff:
Kelly J. Gobble
Joan M. Irby
Lisa Jaworski, Intern
Betsy M. Jackson
Becky C. Torrence

● *Indicates staff with primary assignment to this project*

Recent JLARC Reports

Follow-Up Review of Community Action in Virginia, September 1995
Technical Report: The Cost of Competing in Standards of Quality Funding, November 1995
Funding Incentives for Reducing Jail Populations, November 1995
Review of Jail Oversight and Reporting Activities, November 1995
Juvenile Delinquents and Status Offenders: Court Processing and Outcomes, December 1995
Interim Report: Feasibility of Consolidating Virginia's Wildlife and Marine Resource Agencies, December 1995
Review of the Virginia State Bar, December 1995
Interim Report: Review of the Department of Environmental Quality, January 1996
Minority-Owned Business Participation in State Contracts, February 1996
Special Report: Review of the ADAPT System at the Department of Social Services, June 1996
Technical Report: Review of the Medicaid Forecasting Methodology, July 1996
Review of the Magistrate System in Virginia, August 1996
Review of the Virginia Liaison Office, October 1996
Feasibility of Consolidating Virginia's Wildlife Resource Functions, December 1996
VRS Oversight Report No. 7: Review of VRS Fiduciary Responsibility and Liability, January 1997
The Operation and Impact of Juvenile Corrections Services in Virginia, January 1997
Review of the Department of Environmental Quality, January 1997
Interim Report: The Secretarial System in Virginia, January 1997
The Feasibility of Modernizing Land Records in Virginia, January 1997
Review of the Department of Corrections' Inmate Telephone System, January 1997
Virginia's Progress Toward Chesapeake Bay Nutrient Reduction Goals, February 1997
VRS Oversight Report No. 8: Semi-Annual VRS Investment Report, May 1997
Services for Mentally Disabled Residents of Adult Care Residences, July 1997
Follow-Up Review of Child Day Care in Virginia, August 1997
1997 Report to the General Assembly, September 1997
Improvement of Hazardous Roadway Sites in Virginia, October 1997
Review of DOC Nonsecurity Staffing and the Inmate Programming Schedule, December 1997
VRS Oversight Report No. 9: Semi-Annual VRS Investment Report, December 1997
Technical Report: Gender Pay Equity in the Virginia State Workforce, December 1997
The Secretarial System in Virginia State Government, December 1997
Overview: Review of Information Technology in Virginia State Government, December 1997
Review of the Comprehensive Services Act, January 1998
Review of the Highway Location Process in Virginia, January 1998
Overview: Year 2000 Compliance of State Agency Systems, January 1998
Structure of Virginia's Natural Resources Secretariat, January 1998
Special Report: Status of Automation Initiatives of the Department of Social Services, February 1998
Review of the Virginia Fair Housing Office, February 1998
Interim Report: Review of Commercial Driver-Training Schools in Virginia, February 1998
Review of the Department of Conservation and Recreation, February 1998
VRS Oversight Report No. 10: Semi-Annual VRS Investment Report, July 1998
State Oversight of Commercial Driver-Training Schools in Virginia, September 1998
The Feasibility of Converting Camp Pendleton to a State Park, November 1998
Review of the Use of Consultants by the Virginia Department of Transportation, November 1998
Review of the State Board of Elections, December 1998
VRS Oversight Report No. 11: Semi-Annual VRS Investment Report, December 1998
Review of the Virginia Department for the Aging, January 1999
Review of Regional Criminal Justice Training Academies, January 1999
Interim Report: Review of the Health Regulatory Boards, January 1999
Interim Report: Review of the Functional Area of Health and Human Resources, January 1999
Virginia's Welfare Reform Initiative: Implementation and Participant Outcomes, January 1999
Legislator's Guide to the Virginia Retirement System, 2nd Edition, May 1999
VRS Oversight Report No. 12: Semi-Annual VRS Investment Report, July 1999
Preliminary Inquiry, DEQ and VDH Activities to Identify Water Toxic Problems and Inform the Public, July 1999
Final Report: Review of the Health Regulatory Boards, August 1999
1999 Report to the General Assembly, September 1999
Competitive Procurement of State Printing Contracts, September 1999
Review of Undergraduate Student Financial Aid in Virginia's Public Institutions, October 1999

BEST COPY AVAILABLE

JLARC
Suite 1100
General Assembly Building
Capitol Square
Richmond, Virginia 23219
(804) 786-1258 Fax: 371-0101
http://jlarc.state.va.us